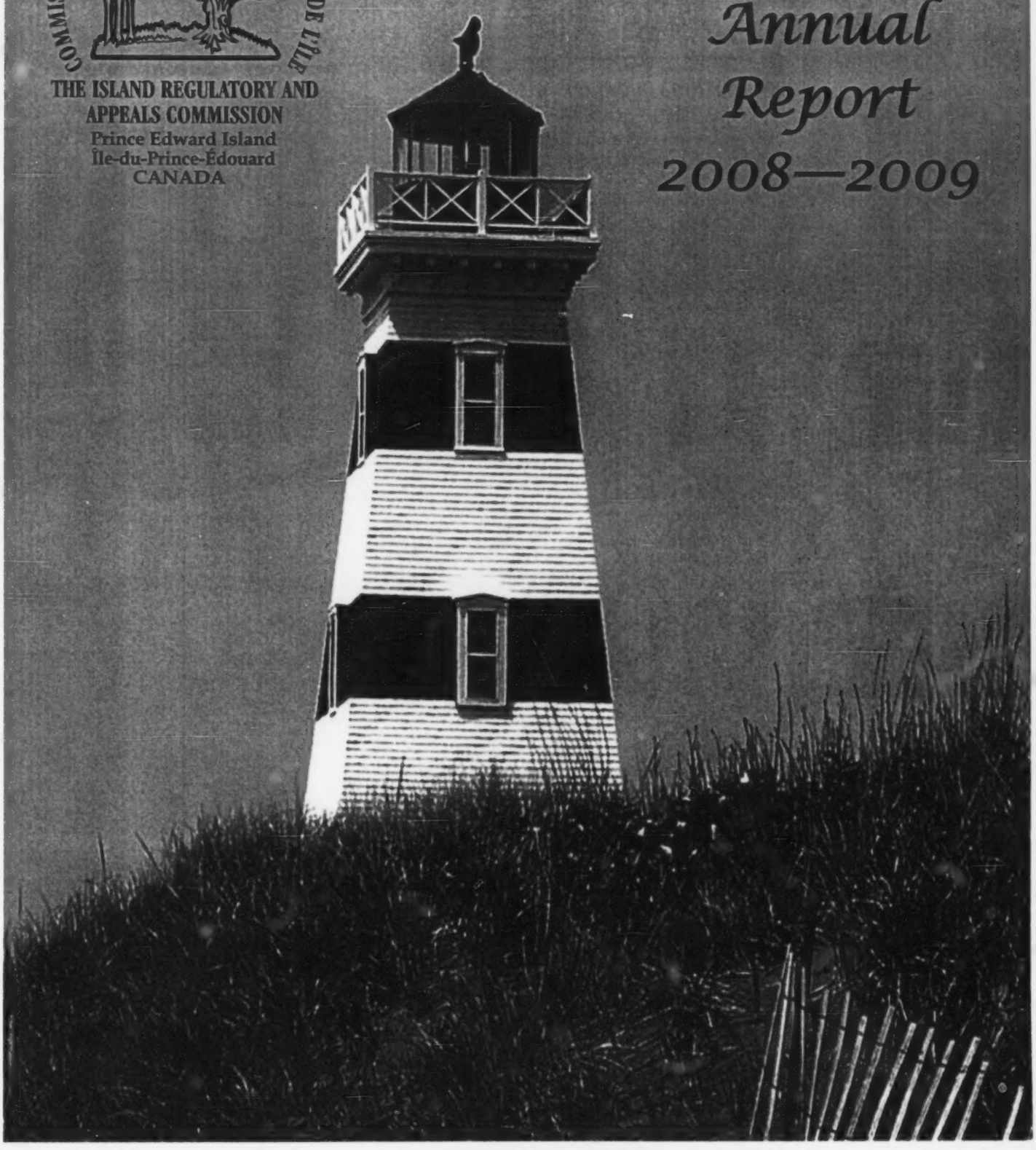
COMMISSION DE RÉGLEMENTATION ET D'APPELS DE L'ÎLE

THE ISLAND REGULATORY AND APPEALS COMMISSION

Prince Edward Island
Île-du-Prince-Édouard
CANADA

Annual Report 2008—2009



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Letter of Transmittal

COMMISSION DE RÉGLEMENTATION ET D'APPELS DE L'Î.-P.-É.
THE ISLAND REGULATORY AND APPEALS COMMISSION
Prince Edward Island
Île-du-Prince-Édouard
CANADA

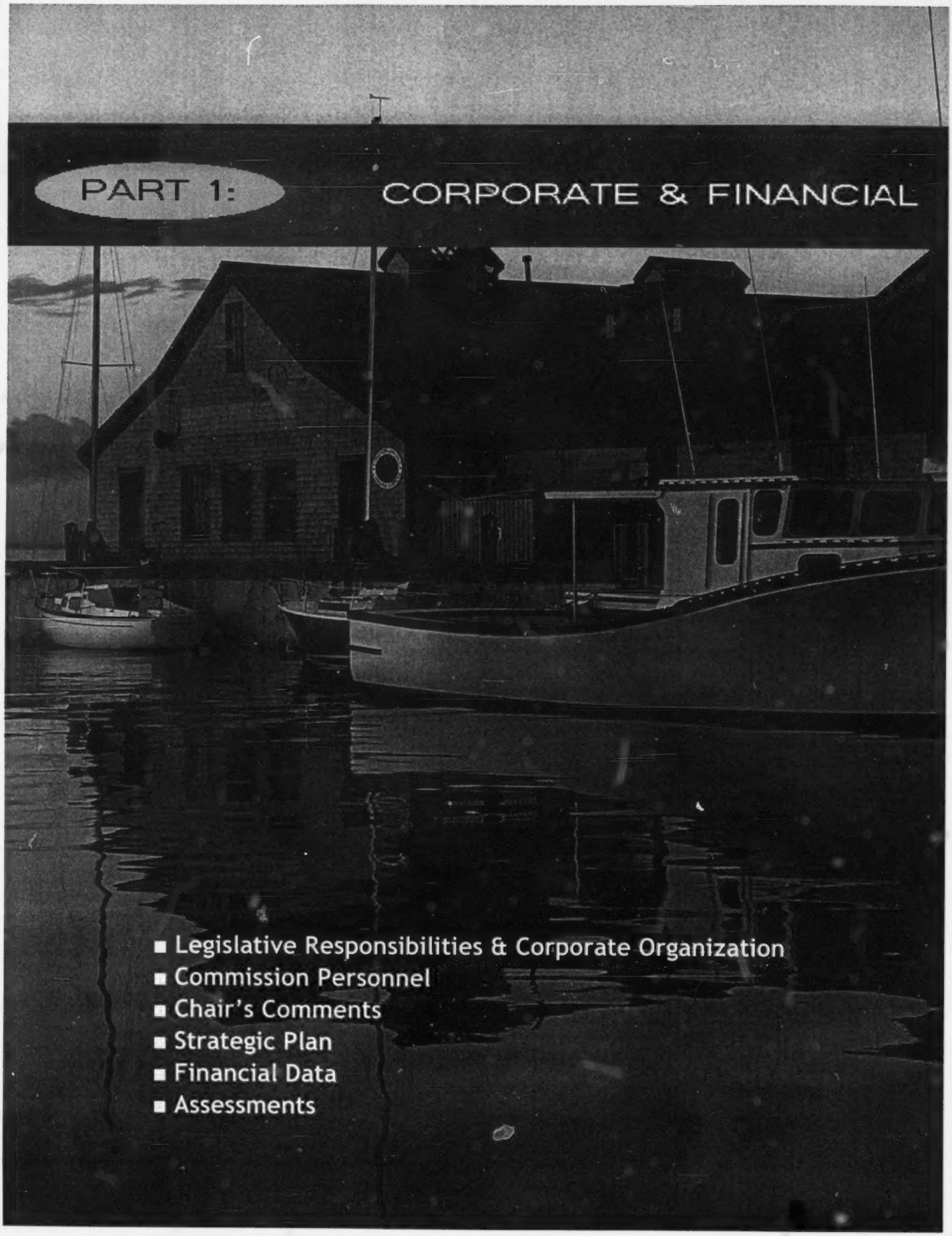
The Honourable Gerard Greenan
Minister of Education and Early Childhood Development
Province of Prince Edward Island

Honourable Mr. Greenan:

The Island Regulatory and Appeals Commission has the honour to present its Annual Report for the year ended March 31, 2009.

Respectfully submitted,

Maurice Rodgerson
Chair



PART 1: CORPORATE & FINANCIAL

- Legislative Responsibilities & Corporate Organization
- Commission Personnel
- Chair's Comments
- Strategic Plan
- Financial Data
- Assessments

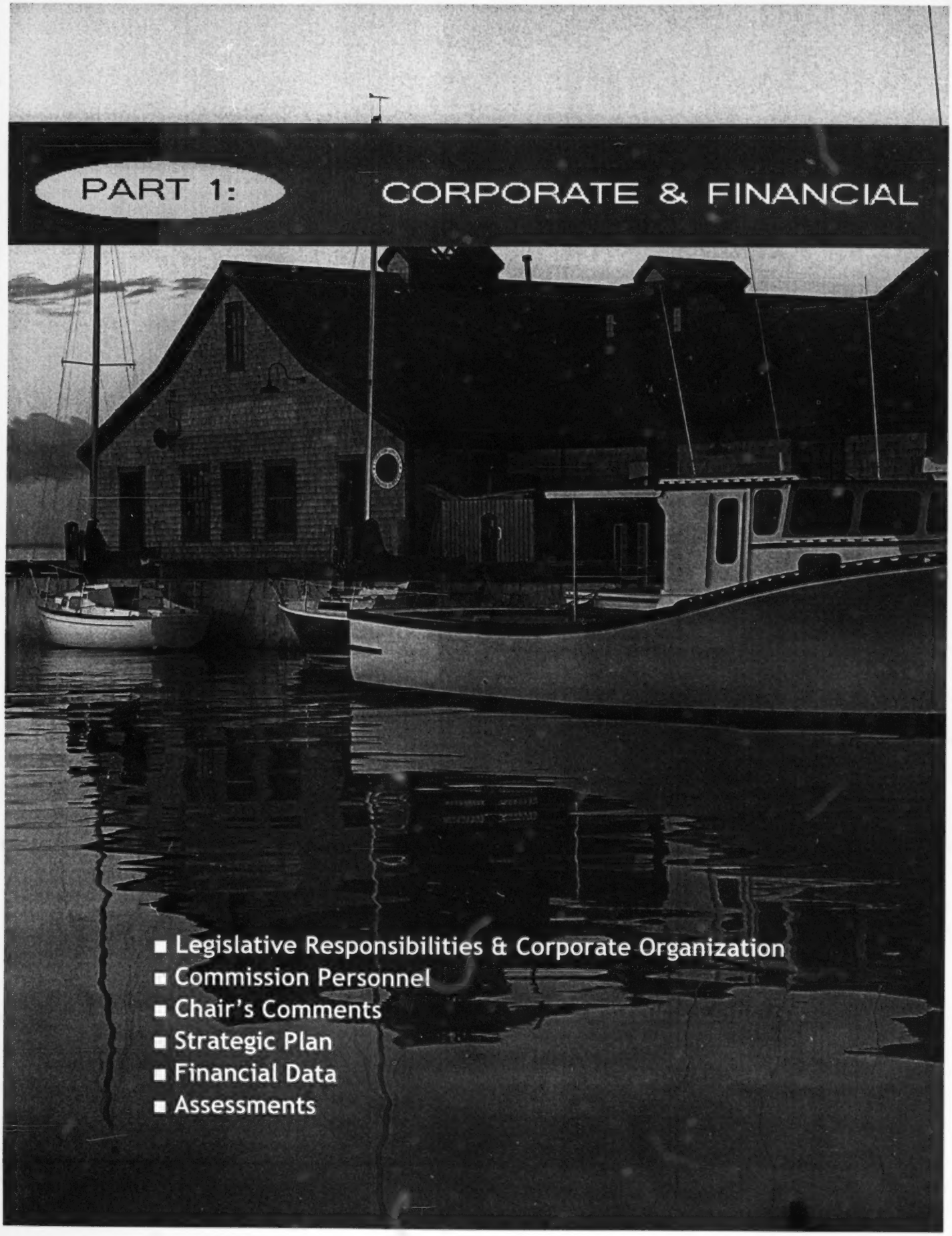
Introduction

The Island Regulatory and Appeals Commission is established by the *Island Regulatory and Appeals Commission Act*, R.S.P.E.I. 1988 Cap. I-11.

The principal *Acts* under the administration of the Commission are:

- *Lands Protection Act*
- *Rental of Residential Property Act*
- *Petroleum Products Act*
- *Electric Power Act*
- *Water and Sewerage Act*

In addition to administering these *Acts*, the Commission's responsibilities include: appellate responsibilities under the *Planning Act*; the *Unsightly Property Act*; the *Revenue Administration Act* (appeals on taxation under the *Gasoline Tax Act*, the *Health Tax Act*, the *Revenue Tax Act*, and the *Environment Tax Act*); the *Real Property Assessment Act*; the *Real Property Tax Act*; the *Roads Act*; and the *Heritage Places Protection Act*. The Commission has responsibility under the *Municipalities Act* for conducting public hearings and making recommendations to the Minister on municipal boundary extension applications. The Commission regulates automobile insurance rates under the *Insurance* Act, and changes to Island Waste Management Corporation rates under the *Environmental Protection Act*. The Commission was given additional appellate responsibilities during 2009 with the granting of a limited right of appeal under Section 29.1 of the *Environmental Protection Act* in conjunction with Section 13 of the *Environmental Protection Act* - Watercourse and Wetland Protection Regulations.



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Commission Personnel (as of March 31, 2009)

Full-time Commissioners:

Chair and Chief Executive Officer	- Maurice Rodgerson
Vice-Chair	- Brian J. McKenna
Commissioner	- John Broderick

Part-time Commissioners:

- Ernest Arsenault
- David Holmes
- Chester MacNeill
- Gordon McCarville
- Anne Petley

Staff Positions:

Land, Corporate and Appellate Services

Director	- Eileen Callaghan
Commission Administrator	- Susan Jefferson
LPA Administrator	- Danielle Lavigne
Appeals Administrator	- Philip Rafuse
LPA Analyst	- Janice MacKinnon
Receptionists	- Glynne Squires
	- Dawn Murphy (maternity leave)
	- Linda Allen (temporary assignment)

Office of the Director of Residential Rental Property

Director	- Catherine Flanagan (contract)
Rental Officer	- Shayne Hogan
Rental Officer	- John Keizer
Information Officer	- Kay Driscoll
Administrative Assistant	- Hillis Jones

Technical and Regulatory Services

Director	- Donald G. Sutherland (on leave)
Acting Director	- Allison MacEwen
Senior Analyst	- Mark Lanigan
Research Analyst	- Heather Walker
Systems Specialist	- Daniel Arsenault
Analyst	- Donna Chandler
Licensing & Pricing Coordinator	- Faye Weeks

Chair's Comments

I am pleased to present the Annual Report of the Prince Edward Island Regulatory and Appeals Commission covering the period April 1, 2008 - March 31, 2009.

It was a busy and challenging year for the Commission, especially in regards to regulatory functions with record high energy prices and the resulting impact on consumers and businesses. In addition to more appeals, meetings and decisions, the Commission was frequently the subject of editorial and public comment.

In some instances over the past year the criticism went beyond the details of the specific situation and, I believe, unfairly turned to criticism of the Commission itself. It is always regrettable when frustration turns to anger and anger to insult. In such circumstances it is even more important that the Commission demonstrate fairness. I am especially proud of the manner in which Commission employees have responded to these challenges. The criticisms have not always been fair nor professional, but staff make every effort to fully explain the decision making process and the factors that impact that process.

The very nature of the Commission's role places it in the midst of adversarial situations. We hear appeals and appeals take place because at least one party is dissatisfied with the outcome of the earlier process - whether it is a planning related appeal from a decision of a municipality or the province, a tax appeal, or a decision of the Director of Residential Rental Property. Even before the appeal hearing begins, one party is dissatisfied.

We regulate a number of entities that have a significant impact on the daily lives of Islanders. In this role the Commission is again placed in the midst of competing interests such as: consumer costs versus company profits; environmental protection versus utility rates; cost of rent versus return on investment; land ownership versus land use; energy supply costs versus consumer prices. In each instance the Commission must follow the requirements of the legislation and seek a fair balance of interests.

Much of our work involves the very difficult task of fairly regulating the private sector. The traditional role of the regulator was to ensure that adequate service was provided at the lowest possible price. It was an economic function. It was up to other entities, such as social support services to address "ability to pay" issues. As we have become more reliant on fossil fuel based services such as oil fired heating, motor transportation and electricity, the social issues are finding their way into the hearing room. It is a challenge for jurisdictions where service is provided by publically owned utilities; it is even more of a challenge where service is provided by the private sector.

Independence is the very hallmark of the Commission and central to its effective functioning and a key consideration in its establishment. Those who appear before the Commission, and those subject to its decisions, expect to be treated fairly and to participate in a process based on the traditions of natural justice and fairness.

In order to maintain credibility in the long term, the Commission must make decisions based on the facts and the evidence before us. We cannot make decisions based on the popularity of a particular decision, nor the number of people that favour one side over another. That might avoid some criticism, but over time it will erode essential confidence in a fair process.

The simple truth is that challenging decisions have to be made; they can, and often do have undesirable consequences, but that doesn't eliminate the need to make those decisions. We strive to meet our legislated mandate understanding the impact and adhering to the principles of natural justice and fairness.

The Commission appeared twice before a Standing Committee of the Legislative Assembly and participated in numerous speaking engagements and public presentations in an effort to improve understanding of our functions.

IRAC is a member of the Canadian Association of Members of Public Utility Tribunals and in the fall of 2008 we hosted the Annual General Meeting and conference. It was a pleasure to welcome delegates from 23 organizations across Canada and share our Island hospitality.

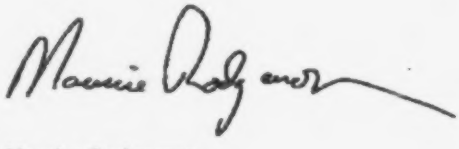
I wish to take this opportunity to express our thanks to two senior staff who retired.

Sandy Foy was the backbone of our administering of the *Lands Protection Act*. He had a lead role in most of the processes involved with this very unique legislation and the daily challenges associated with its administration. His 17 years with the Commission capped 32 years of dedicated public service.

Twila Whelan served ten years as Director of Residential Rental Property. Her expertise and leadership provided information and adjudicative services to tens of thousands of Islanders. Her dedication was reflected in many long days of work and a focus on fairness.

We wish Twila and Sandy health and happiness.

I thank the staff of the Commission for their continued commitment and my fellow Commissioners for their dedication and service. The Commission provides a broad range of services with a relatively small staff complement reflecting a shared desire to provide high quality public service to the people of PEI.



Maurice Rodgerson
Chair

Commentaries du président

Je suis heureux de présenter le rapport annuel de la Commission de réglementation et d'appels de l'Île-du-Prince-Édouard qui couvre la période allant du 1er avril 2008 au 31 mars 2009.

Ce fut une année occupée et difficile pour la Commission, en particulier par rapport aux fonctions de réglementation en raison des prix records de l'énergie et des répercussions sur les consommateurs et les entreprises qui se sont ensuivies. De surcroît au nombre croissant d'appels, de réunions et de décisions, la Commission fut fréquemment le sujet des éditoriaux et des commentaires publics.

Dans certains cas au cours de la dernière année, les critiques ont dépassé le cadre des situations particulières et selon moi, ont donné lieu à des critiques non méritées de la Commission. Il est toujours regrettable lorsque la frustration se transforme en colère et que la colère donne lieu à l'insulte. Dans de telles circonstances, il est encore plus important que la Commission démontre de l'impartialité. Je suis particulièrement fier de la façon dont les employés et employées de la Commission ont répondu au défi. Les critiques n'ont pas toujours été justifiées ou faites de façon professionnelle, mais les membres du personnel se sont appliqués à expliquer clairement le processus de prise de décision et les facteurs qui influencent ce processus.

La nature même du rôle de la Commission la situe au milieu des situations de mésentente. Nous siégeons des appels, et ces appels ont lieu parce qu'au moins un parti est insatisfait des résultats d'un processus précédent - que ce soit un appel lié à la planification provenant d'un jugement de la municipalité ou de la province, un appel de l'impôt, ou une décision du directeur ou de la directrice de la location des propriétés résidentielles. Avant même de commencer l'audition de l'appel, un parti est insatisfait.

Nous réglementons un nombre d'entités qui influencent de façon considérable la vie quotidienne des Insulaires. Dans ce rôle, la Commission est encore placée au centre des intérêts contradictoires tels que : les coûts aux consommateurs contre les profits des entreprises; la protection de l'environnement contre les tarifs des services publics; le coût de la location contre le rendement du capital investi; la propriété des terres contre l'utilisation des terres; les coûts d'alimentation en énergie contre les tarifs imposés aux consommateurs. Dans chaque affaire, la Commission doit suivre les règlements de la loi et chercher à atteindre un équilibre dans les intérêts contradictoires.

Une grande partie de notre travail consiste à mener la tâche difficile de réglementer le secteur privé avec impartialité. Le rôle traditionnel de l'organisme de réglementation est de veiller à ce qu'un service adéquat soit offert au prix le plus bas possible : c'était une fonction économique. Il revenait aux autres entités, telles que les services de soutien social, d'aborder les questions liées à « la capacité de payer ». Étant donné que nous dépendons maintenant davantage des combustibles

fossiles, tels que le chauffage à l'huile, le transport motorisé, et l'électricité, les enjeux sociaux se glissent dans la salle d'audience. La situation est difficile pour les provinces où les services sont offerts par des services publics, et encore plus difficile où les services sont offerts par le secteur privé.

L'indépendance est le mot d'ordre de la Commission : elle est de mise dans son fonctionnement efficace et une considération clé dans son établissement. Ceux qui comparaissent devant la Commission et ceux sujets à ses jugements s'attendent à être traités justement et à participer à un processus fondé sur les traductions de la justice naturelle et de l'impartialité.

Afin de maintenir sa crédibilité à long terme, la Commission doit prendre des décisions fondées sur les faits et les preuves présentés. Nous ne pouvons prendre de décisions fondées sur la popularité d'une décision particulière, ni sur le nombre de personnes qui prennent parti d'un côté plutôt que d'un autre. Cela pourrait éviter certaines critiques, mais au fil du temps, la confiance en un processus équitable s'effritera.

La simple vérité est que les jugements difficiles doivent être faits, malgré la possibilité fréquente des conséquences indésirables qui s'ensuivent, mais cela n'élimine pas le besoin de prendre ces décisions. Nous nous efforçons d'exécuter notre mandat prescrit par la loi, en toute compréhension des conséquences, et en adhérant aux principes de la justice naturelle et de l'impartialité.

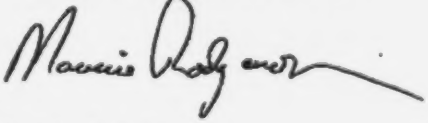
La Commission a prêté audience devant un Comité permanent de l'Assemblée législative à deux reprises et elle a participé à de nombreuses allocutions et présentations publiques dans le but d'améliorer la compréhension vis-à-vis de ses fonctions.

La CRAÎ est membre de l'Association canadienne des membres des tribunaux d'utilité publique, et à l'automne 2008, nous avons été hôtes de l'Assemblée générale et de la conférence annuelles. Ce fut un plaisir d'accueillir les délégués de 23 organismes de l'ensemble du Canada et de partager l'hospitalité de l'Île.

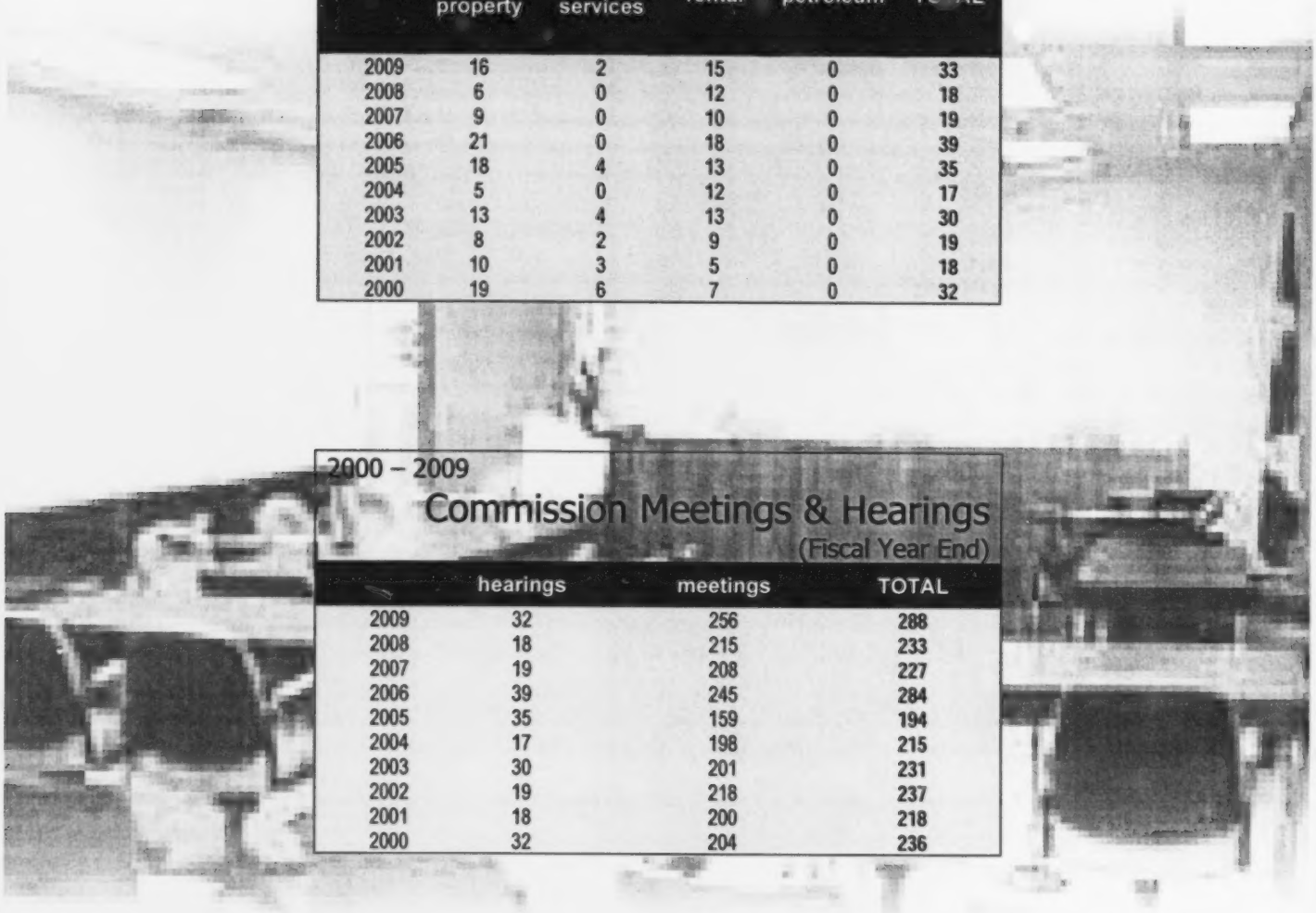
J'aimerais profiter de cette occasion pour exprimer ma gratitude à deux cadres supérieurs qui ont pris leur retraite. Sandy Foy était le pilier de notre administration de la loi intitulée *Lands Protection Act* (loi sur la protection des terres). Il a joué un rôle de meneur dans la plupart des processus de cette loi unique et dans les difficultés quotidiennes associées à son administration. Ses 17 ans auprès de la Commission ont couronné 32 ans de service dévoué dans la fonction publique.

Twila Whelan a siégé au poste de directrice de la location des propriétés résidentielles pendant 10 ans. Son expertise et sa direction ont permis de donner des renseignements et des services du soutien des décisions à des dizaines de milliers d'Insulaires. Les preuves de son dévouement furent ses nombreuses longues journées de travail et sa recherche constante de l'équité. Nous souhaitons à Twila et Sandy beaucoup de santé et de bonheur.

Je remercie le personnel de la Commission pour son engagement durable, ainsi que mes collègues commissaires pour leur dévouement et leur service. La Commission offre une grande variété de services avec un effectif assez restreint, reflétant une volonté commune d'offrir des services publics de haute qualité aux gens de l'Î.-P.-É.



Maurice Rodgerson
Président



2000 — 2009

Public Hearing Days–by Division

(Fiscal Year End)

	land & property	technical services	rental	petroleum	TOTAL
2009	16	2	15	0	33
2008	6	0	12	0	18
2007	9	0	10	0	19
2006	21	0	18	0	39
2005	18	4	13	0	35
2004	5	0	12	0	17
2003	13	4	13	0	30
2002	8	2	9	0	19
2001	10	3	5	0	18
2000	19	6	7	0	32

2000 – 2009

Commission Meetings & Hearings

(Fiscal Year End)

	hearings	meetings	TOTAL
2009	32	256	288
2008	18	215	233
2007	19	208	227
2006	39	245	284
2005	35	159	194
2004	17	198	215
2003	30	201	231
2002	19	218	237
2001	18	200	218
2000	32	204	236

2000 – 2009

Commission Decisions-Orders-Approvals-Mediations

(Fiscal Year End)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
LANDS PROTECTION										
Non-Resident Applications	118	113	104	116	99	106	106	120	113	107
Corporate Applications	227	217	210	203	225	185	203	246	240	211
Annual Disclosure Statements	87	98	115	120	134	136	142	142	150	139
LPA Section 6.1 Permit Applications	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Global Lease Applications	0	3	10	4	9	16	8	4	12	11
Amendment Applications	46	36	25	38	47	54	51	67	42	49
Investigatory Decisions/Orders	22	25	20	13	15	4	9	4	5	19
TOTAL LANDS PROTECTION	500	492	484	494	529	501	519	583	562	536
MUNICIPAL BOUNDARY EXTENSIONS	0	1	0	0	0	1	2	0	4	2
REGULATORY FUNCTIONS										
• **Petroleum Licensing & Pricing**										
Petroleum Pricing Applications	52	90	98	109	109	111	108	**50	16	28
Other Petroleum Pricing Matters	6	2	2	6	1	5	5	22	28	34
Initial Petroleum Applications	1	2	4	26	1	9	11	13	8	4
Other Petroleum	9	4	4	4	21	31	59	56	40	31
Total Petroleum Licensing & Pricing	68	98	108	145	132	156	183	141	92	97
• **Public Utilities**										
Water-Sewer Utility Rate Applications	0	4	2	1	4	4	2	6	2	6
Electric Utility Rate-Related Applications*	n/a	n/a	n/a	n/a	0	2	3	1	2	5
Water-Sewer Utility Formal Complaints	0	0	0	0	0	0	0	0	0	0
Electric Formal Complaints	0	0	0	0	0	0	0	0	1	1
Other Water-Sewer	2	1	0	0	1	0	0	1	0	0
Other Electric	0	3	0	1	1	4	1	8	6	12
Water-Sewer Construction Permits	2	2	7	15	15	6	13	23	12	7
Other	3	0	0	0	0	0	0	0	0	0
Total Public Utilities	7	10	9	17	21	16	19	39	23	31
• **Automobile Insurance**	n/a	n/a	n/a	n/a	22	17	36	32	56	73
• **Island Waste Management**	n/a	n/a	n/a	n/a	n/a	n/a	1	0	0	0
TOTAL REGULATORY FUNCTIONS	75	108	117	162	175	189	239	212	171	201
APPELLATE FUNCTIONS										
Planning Act Appeals	24	13	9	5	8	14	14	12	11	14
Roads Act Appeals	0	0	2	0	0	0	0	0	0	0
Real Property Assessment Act Appeals	4	2	0	4	0	0	2	1	0	1
Rental Appeals/Allowable Rent Increase	10	10	16	22	20	21	20	18	17	19
Sales Tax Appeals	1	2	2	4	1	0	0	0	0	0
Appeals Mediated	3	3	1	2	0	4	2	2	0	0
TOTAL APPELLATE FUNCTIONS	42	30	30	37	29	39	38	33	28	34
TOTAL OVERALL	617	631	631	693	733	730	798	828	765	773

* Effective January 1, 2004, electric regulation was re-established.

** Process of requiring applications for routine price changes discontinued (except for propane).

Strategic Plan

In 2004, upon the completion of an environmental scan, the Commission adopted a Strategic Plan to guide operations into the future. Divisions established a number of specific goals and objectives based upon the Strategic Plan and those goals and objectives were presented in detail in the Commission's 2003-2004 annual report.

Since 2004, each annual report provides an update on the progress of goals and objectives set the preceding year and notes initiatives planned for the coming year.

Mandate

The Commission is an independent quasi-judicial tribunal with appellate, regulatory and administrative responsibilities derived from the *Island Regulatory and Appeals Commission Act* and the provisions of a number of Province of PEI Statutes.

Vision

To be respected for independence, professionalism, competence and leadership in the matters the Commission regulates, adjudicates and administers.

Mission

To ensure the public of Prince Edward Island is provided with unbiased, well-reasoned, clear and timely decisions in all matters brought before the Commission for its consideration.

Core Values

The following values govern the Commission's daily operations and interactions:

- Respect of the public trust vested in the Commission;
- Respect of the individuals, businesses and organizations with whom we interact;
- Professionalism in consultations and public hearings;
- Fairness, balance, clarity and timeliness in decisions;
- A safe, healthy, co-operative and respectful environment for our staff and the clients we serve;
- Competent, well-trained, and motivated employees;
- Open, accountable and responsible fiscal management; and
- Openness to new ideas and change that meet the requirements of governing legislation and improves the Commission's effectiveness and efficiency.

Corporate Goals

- To maintain the Commission's actual and perceived independence while remaining open and accountable to the public;
- To liaise with regulated industries in maintaining an efficient, fair, reasonable and cost effective regulatory system for auto insurance, water-wastewater, waste management and electrical rates;

- To regularly monitor and analyze public issues which arise in the normal course of the Commission fulfilling its mandate and to discuss such issues, where appropriate, with the Minister through whom the Commission reports to the legislature;
- To produce legally correct, timely, well reasoned and unbiased decisions for all matters under the Commission's consideration;
- To maintain up-to-date IT systems and hardware to enable staff to competently serve the public;
- To provide a non-threatening and user-friendly atmosphere for hearings and to continue to encourage appellants to appear with or without legal representation;
- To conduct hearings in such a manner as to ensure those without legal representation are afforded the full opportunity to be heard within the principles of fairness and natural justice;
- To continue to improve and expand the Commission's involvement and communications with relevant organizations and boards, government, regulated industries, public utilities and the general public;
- To ensure the public is properly informed about the Commission, its legislated mandate and its various functions;
- To ensure a continuous, well-trained, competent staff in all Commission mandated functions through staff development, training and cross-training where possible; and
- To provide a safe, healthy work environment for staff.

Accomplishments 2008-2009

The Commission recognizes the potential loss of corporate knowledge as long-term employees retire and we will strive to offer a work environment that will attract highly qualified staff to ensure continued quality public service.

Staff training will remain a priority.

The Commission provides opportunities for staff to sit on relevant national boards and committees and encourages staff to attend training courses. Regular in-house training sessions are conducted.

To ensure greater public access to the proceedings of the Commission, investments will be made to enable audio broadcast of Commission hearings through the Commission website.

The Commission implemented audio broadcast of hearings that are of general interest. If hearings are going to be broadcast, the Commission notes this in the advertisement for the hearing. Notification is also on the Commission's website.

The Commission has adopted media guidelines for hearings in response to concerns raised by participants.

Regulated entities and the Regulatory sector itself continue to change in response to a changing world and the Commission will review its processes to ensure we are keeping pace with the elements of professional regulation.

Commissioners and Commission staff are in regular contact with regulatory entities across Canada and in the United States. The Commission is playing a more active role in the national regulatory association, Canadian Association of Members of Public Utility Tribunals (CAMPUT). CAMPUT provides training opportunities with a national perspective that would not otherwise be available to the Commission.

Objectives 2009-2010

Legislative review:
The Commission welcomes suggestions for improvement and will continue to seek refinement to processes to best meet our legislated mandates. In addition to appearing before the Standing Committee reviewing IRAC, the Commission will monitor the suggestions made by other groups and individuals presenting to the Committee and looks forward to the final report of the Committee.

Public Information:
There are numerous misunderstandings about the Commission's role and therefore widely varying expectations of the outcome of processes before the Commission. The Commission will endeavor to improve understanding of functions, the reason certain procedures are followed, and provide plain language explanations in Orders.

Sewer and Water Utilities:
The rising cost of sewer and water services has resulted in several significant rate increases and some customer frustration. Some utilities are faced with rising operating costs and a limited customer base. To ensure we are best meeting the requirements of the *Act*, the Commission will seek a stakeholder session with regulated sewer and water utilities to discuss this and other regulatory issues.

Access to information:
The Commission understands the importance of providing the public with pertinent information used by the Commission in its decisions. This is especially true for regulated entities. In the coming year, the Commission will work to provide more of the background information related to decisions on the website.

Website:
In an effort to improve access to information, orders and the work of the Commission, the website will be redesigned.

Office of the Director of Residential Rental Property

1. Inquiries

Accomplishments 2008-2009

The number of inquiries to the Office of the Director of Residential Rental Property experienced an increase of 6.2% from 2007-2008. Lessors and lessees continue to contact the Office for information on all aspects of the legislation. The most noteworthy change in the type of inquiry made is that the number of inquiries relating to rent increases more than doubled from the previous reporting year. The Information Officer is continuing to provide information sessions to a number of interest groups anxious to know their rights as lessors/lessees as well as to other groups who interact with lessors and lessees.

Objectives 2009-2010

a. To continue to provide timely and knowledgeable advisory services so that lessors and lessees may resolve their differences quickly and in conformity with the legislative framework; and
b. To improve the content and capacity of the Office website to provide accurate and user-friendly information to those who prefer to use online resources as their first point of contact with the Office.

2. Hearings

Accomplishments 2008-2009

The number of applications filed in 2008-2009 increased from 345 to 513, an increase of 49%. Almost 20% of applications were resolved before a hearing could be held. Despite the marked increase in applications without any associated increase in staffing, the average wait time from application to hearing date increased only by six days in 2008-2009. All staff participated in a one-day workshop on evidence.

Objectives 2009-2010

a. To prepare for any legislative changes resulting from the Recommendations for Amendments to the *Rental of Residential Property Act* presented to the Minister of Education and Attorney General and the public consultations held in spring 2009; and
b. To continue to seek innovative ways to reduce the wait time in hearing the majority of applications.

3. Decisions

Accomplishments 2008-2009

With the leap in the number of applications filed, there was also a 30% increase in the number of orders rendered by the Office over the previous year which increased from 287 to 399. Notwithstanding the challenges posed by this sharp increase in workload without an increase in staff, the Office continued to shorten the average wait time between the hearing and the decision which experienced an improvement of almost 50% over 2007-2008.

Objectives 2009-2010

a. To continue to strive to issue as many decisions within 30 days of hearing as possible and to maintain effectiveness and efficiency; and
b. To continue in the ongoing training of hearing officers and staff to be better prepared to meet the ever-increasing complexity of the issues adjudicated.

Technical and Regulatory Services Division

1. Auto Insurance Rate Regulation

Auto insurance rate regulation was implemented in 2004-2005 and continues to consume significant staff resources.

Accomplishments 2008-2009

a. Reviewed and approved annual auto insurance rate filings for all insurers;
b. Refined database management tools that assisted in analyzing and processing applications;
c. Actively participated in the formation of the Canadian Auto Insurance Rate Regulators Association (CARR); and
d. Successfully implemented and updated the rating profile system.

Objectives 2009-2010

a. To review and approve annual auto insurance rate filings for all insurers;
b. To continue the development of a regulatory process that is cost effective and timely;
c. To continue to refine database management tools to assist in analyzing and processing applications;
d. To review the filing guidelines and rating profiles; and
e. To continue active participation in the Canadian Auto Insurance Rate Regulators Association.

2. Electrical Utility Regulation

The implementation of electric utility regulation took effect on January 1, 2004 with the proclamation of the *Electric Power Act.*

Accomplishments 2008-2009

a. Reviewed several utility applications including Maritime Electric's ongoing capital programs, a power purchase agreement with the New Brunswick Power Generation Corporation, implemented a change in the Utility's rates effective April 1, 2009, approved an interim Open Access Transmission Tariff ("OATT"); and
b. Reviewed and approved updates to a set of key performance indicators and a reporting mechanism which provides monthly information on Maritime Electric's ongoing operating performance.

Objectives 2009-2010

a. To continue the development of a regulatory process that is cost effective and timely; and
b. To review Maritime Electric's ongoing capital programs and demand side management plans as well as the Company's rules and regulations, and to finalize an open access transmission tariff in Prince Edward Island.

3. Petroleum Regulation

Accomplishments 2008-2009

a. Continued to refine the Commission's Commodity Based Pricing Model.

Objectives 2009-2010

a. To continue to maintain the high level of data analysis and research in the pricing area; and
b. To continue to maintain a positive working relationship with the industry and the consuming public.

4. Municipal Water and Wastewater Utility Regulation

The Commission regulates approximately 26 municipal and private water-wastewater utilities.

Accomplishments 2008-2009

a. Reviewed the rates of several municipal utilities and authorized a number of rate changes.

Objectives 2009-2010

a. To continue to ensure that uniform accounting procedures are being followed;
b. To continue to provide assistance and information to utilities, and to review and authorize rate changes as necessary; and
c. To review current practices, particularly related to rate setting, and to gather feedback from utilities on ways to enhance procedures.

Land Corporate and Appellate Services Division

1. Appellate Functions

Accomplishments 2008-2009

Commission staff continues to provide interested individuals with information on the appeal process and appeal procedure. The Commission remains willing to provide joint information/training sessions to interested organizations such as the Federation of Prince Edward Island Municipalities, the Law Society of Prince Edward Island and the Department of Communities, Cultural Affairs and Labour. The Commission remains of the opinion that such a session would be valuable and is willing to provide staff to co-sponsor training sessions of this type.

Commission staff considered the creation of a pamphlet providing an introduction to the appeals process. However, it was determined that such a pamphlet could not easily be revised and updated as new appeal issues unfold. The Frequently Asked Questions section of the Appeals area on the Commission's website provides a good introduction to appellate process and procedure, can be easily updated as required and can be printed and distributed to interested people who are unable to access the Commission's website.

Staff continued to review the Frequently Asked Questions sections of the Appeals area on the Commission's website and made appropriate changes and additions on a regular basis.

An appeal process has been developed to handle appeals under the *Environmental Protection Act*. This is a very new area of appellate responsibility for the Commission. Such process will further evolve as appeals under the *Environmental Protection Act* are received, hearings are held and Commission orders are issued.

Objectives 2009 - 2010

Commission staff will:

a. Continue to liaise with those groups and organizations who are interested in the Commission's mandate;
b. Continue to make themselves available to groups such as the Federation of Prince Edward Island Municipalities, the Department of Communities, Cultural Affairs and Labour and the Law Society of Prince Edward Island;
c. Continue an ongoing review of the Frequently Asked Questions sections of the Appeals area on the Commission's website.
d. Continue the ongoing development of the appeal process for appeals filed under the *Environmental Protection Act.*

2. Lands Protection

Accomplishments 2008-2009

a. An analysis of approved non-resident applications to determine the cause of a discrepancy between acreage owned by non-residents according to provincial assessment records and the number of acres approved for non-residents ownership under the *Lands Protection Act* process has not been completed; however, staff will continue this project during the next year as time and resources permit;
b. The review of the *Lands Protection Act* forms is 90% complete and three forms have been amended and forwarded to Legislative Counsel for review. The remaining forms are being held back until staff determines what will be needed following the introduction of a significant exemption in the near future;
c. Following further exploration by Commission staff, the feasibility of the shore frontage map was questioned. Staff has run into difficulties presented by the lack of a definition of 'shore frontage' in the *Act* and related legislation and the outdated nature of the satellite photos required for determining boundaries. After a number of discussions, staff decided the shore front issue would be best approached on a case by case basis as it has in the past; and

d. A field has been added to the database for tracking Termination Agreements. This step will allow Commission staff to provide a more accurate estimate of Identified parcels in the Province once the data is entered into the database from the files. Staff is continuing to develop methods to provide a more accurate estimate as time and resources permit.

Objectives 2009-2010

a. Continue to work towards providing an accurate estimate of Identified parcels in the Province by entering termination agreements into the database from hard copy files;
b. To continue to analyze approved non-resident applications to determine the cause of a discrepancy between the number of acres transferred to non-resident ownership according to provincial assessment records and the number of acres approved for non-resident ownership under the *Lands Protection Act* process;
c. To continue a review of LPA forms and submit suggested changes to Executive Council for incorporation in LPA regulations;
d. Bring the list of transaction checks up-to-date by searching the Registry Office for Deeds to determine whether a transaction has occurred;
e. Explore the possibility of holding information sessions with Property Development Officers at the Department of Communities, Cultural Affairs and Labour in order to provide them with information on our processes and vice versa. A greater understanding of the role of other bodies and legislation will streamline the process for all involved, both employees of the Commission and the Department, as well as the general public utilizing our services;
f. Review the Frequently Asked Questions on an ongoing basis; and
g. Review the Administrative Guidelines for advertising land. In particular section 4, with the probability of including applications involving acquisitions of an interest in land by way of lease or acquisitions of only a part interest in the parcel.

3. Divisional

Objectives 2009-2010

a. The Commission will continue to provide staff opportunities to participate in training and development. Staff will also be provided with in-house training sessions that are relevant to their areas of work.

AUDITOR'S REPORT

BFM Chartered Accountants

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AUDITORS' REPORT TO THE COMMISSIONERS

We have audited the balance sheets of Prince Edward Island Regulatory and Appeals Commission for the capital and operating funds as at March 31, 2009 and the statement of earnings and surplus for the year then ended. These financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Commission as at March 31, 2009 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

BFM Chartered Accountants

Charlottetown, P.E.I.
May 22, 2009

PRINCE EDWARD ISLAND REGULATORY AND APPEALS COMMISSION

Balance Sheet - Capital Fund

March 31, 2009, with comparative figures for 2008

	2009	2008
Assets		
Leaseholds and equipment (note 3)		
Leasehold improvements	$ 31,962	$ 54,333
Furnishings and equipment	16,366	34,219
Computer equipment	287,283	235,593
	335,611	324,145
Accumulated amortization	207,163	222,124
	$ 128,448	$ 102,021
Liabilities and Surplus		
Surplus: Invested in capital assets (note 4)	$ 128,448	$ 102,021

See accompanying notes to financial statements.

On Behalf of the Board:

Chairman

PRINCE EDWARD ISLAND REGULATORY AND APPEALS COMMISSION

Balance Sheet - Operating Fund

March 31, 2009, with comparative figures for 2008

		2009		2008
Assets				
Current assets:				
Cash and term deposits (note 2)	$	739,238	$	885,329
Cash held in trust		8,640		6,945
Receivables - trade		162,187		100,221
- employees		599		2,893
Prepaid expenses		2,122		1,062
	$	912,786	$	996,450
Liabilities and Surplus				
Current liabilities:				
Accounts payable and accrued liabilities:				
Trade	$	169,745	$	64,639
Vacation pay		88,505		68,614
Deposit guarantees - Director of Residential Rental Property		8,640		6,945
		266,890		140,198
Deferred revenue (note 5)		62,715		62,715
Reserves (note 6)		48,366		200,000
Severance allowance		357,387		389,683
Surplus		177,428		203,854
Commitment (note 7)				
	$	912,786	$	996,450

See accompanying notes to financial statements.

On Behalf of the Board:

Chairman

PRINCE EDWARD ISLAND REGULATORY AND APPEALS COMMISSION

Statement of Earnings and Surplus - Operating Fund

Year ended March 31, 2009, with comparative figures for 2008

	2009	2008
Revenue:		
Assessments on public utilities	$ 454,512	$ 353,296
Assessments on auto insurance	135,384	135,344
Licenses - petroleum products	246,155	247,658
Permits - land and property division	169,237	277,849
Lands Protection Act penalty	4,000	13,000
Assessment - Province of Prince Edward Island	1,310,700	1,200,000
Investment income	27,330	84,420
	2,347,318	2,311,567
Expenses:		
Advertising	16,913	14,756
Amortization	105,427	95,659
Cleaning	8,458	7,741
Computer maintenance and supplies	40,815	37,511
Education and development	25,580	16,175
Insurance	9,376	8,889
Office and supplies	43,080	31,311
Part-time commissioners	44,349	31,648
Postage	4,757	3,313
Professional fees	190,601	188,814
Publications	20,268	25,141
Rent	180,796	158,053
Salaries and employee benefits	1,719,817	1,567,391
Telephone	32,485	31,007
Travel	56,230	53,443
	2,498,952	2,248,852
Earnings (loss) before Reserves transfer	(151,634)	62,715
Transfer from Reserves (note 6)	151,634	-
	-	62,715
Deferred revenue (note 5)	-	(62,715)
Net earnings	-	-
Surplus, beginning of year	203,854	188,746
Transfer from capital fund	105,427	95,659
Transfer to capital fund for investment in capital assets	(131,853)	(80,551)
Surplus, end of year	$ 177,428	$ 203,854

See accompanying notes to financial statements.

The Commission is incorporated under the Island Regulatory and Appeals Commission Act of Prince Edward Island. The Commission is primarily engaged in the general supervision of public utilities, petroleum distributors, land and property appeals, Office of the Director of Residential Rental Property, auto insurance rate regulation and the hearing of appeals for property and sales tax disputes. The Commission is also responsible for recommending decisions under the Lands Protection Act. The Commission is a non-taxable entity under the provisions of the Income Tax Act.

1. **Significant accounting policies:**

(a) Cash and cash equivalents:

Cash and cash equivalents consist of cash on hand, bank balances and investments in money market instruments with maturities of less than one year; all money market instruments are available on demand and can be cashed prior to maturity. Cash and cash equivalents have been classified as held-for-trading.

(b) Leaseholds and equipment:

Leaseholds and equipment are stated at cost and are amortized on the straight-line basis using the following annual rates:

Asset	Rate
Leasehold improvements	20%
Furnishings and equipment	20%
Computer equipment	33 1/3%

(c) Vacation pay and severance allowance:

Vacation pay is recorded as a liability when earned. Severance allowances are recognized when the employee meets the eligibility criteria.

(d) Pension costs:

Employees of the Commission belong to the Civil Service Superannuation plan. Employees' contributions and matching employer's contributions are transferred to the Civil Service Superannuation Fund. Future actuarial liabilities assumed by the Province of Prince Edward Island are not reflected in these financial statements.

1. **Significant accounting policies (continued):**

(e) Investments:

Investments are classified as held-for-trading and are recorded at market value.

(f) Revenue recognition:

Revenues are recorded in the period in which the transaction or events that give rise to the revenues occur. Amounts that have been received in advance of services being rendered are recorded as deferred revenue until the Commission discharges the obligations that led to the collection of funds.

(g) Financial instruments:

The Commission utilizes various financial instruments. Unless otherwise noted, it is management's opinion that the Commission is not exposed to significant interest, currency or credit risks arising from these financial instruments and the carrying amounts approximate fair values.

All transactions related to financial instruments are recorded on a trade date basis. The Commission does not enter into financial hedging activities and does not engage in derivative transactions.

The Commission classifies its financial instruments into one of the following categories based on the purpose for which the asset was acquired. The Commission's accounting policy for each category is as follows:

Held-for-trading:
This category is comprised of certain investments in equity and debt instruments, stand-alone derivatives, other than those designated as hedging items, and embedded derivatives requiring separation. They are carried in the balance sheet at fair value with changes in fair value recognized in the income statement. Transaction costs related to instruments classified as held-for-trading are expensed as incurred.

Loans and receivables:
These assets are non-derivative financial assets resulting from the delivery of cash or other assets by a lender to a borrower in return for a promise to repay on a specified date or dates, or on demand. They arise principally through the provision of goods and services to customers (accounts receivable), but also incorporate other types of contractual monetary assets. They are initially recognized at fair value and subsequently carried at amortized cost, using the effective interest rate method, less any provision for impairment. Transaction costs related to loans and receivables are expensed as incurred.

1. **Significant accounting policies (continued):**

(g) Financial instruments (continued):

Other financial liabilities:
Other financial liabilities include all financial liabilities other than those classified as held-for-trading and is comprised of trade payables, other short-term monetary liabilities and bank borrowings. These liabilities are initially recognized at fair value and subsequently carried at amortized cost using the effective interest rate method. Transaction costs related to other financial liabilities are expensed as incurred.

(h) Use of estimates:

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

(i) Financial risk management objectives and policies:

The Commission's risk management policies are part of the overall management of the entity's operations. Management's direct involvement in day-to-day operations identifies risks and variations from expectations leading to changes in risk management activities, requirements and actions. As part of the overall management of the entity's operations, management considers avoidance of undue concentrations of risk, and employs appropriate investment and credit management policies to manage the Commission's exposure.

2. Cash and term deposits:

	2009	2008
Cash	$ 152,250	$ 189,952
CIBC - GIC's	305,293	-
Metro Credit Union Premium Investment account	-	412,648
Royal Bank of Canada - GIC account	-	108,664
Scotiabank - GIC's	281,695	174,065
	$ 739,238	$ 885,329

3. Leaseholds and equipment:

	Cost	Accumulated amortization	2009 Net book value	2008 Net book value
Leasehold improvements	$ 31,962	$ 24,042	$ 7,920	$ 14,312
Furnishings and equipment	16,366	8,662	7,704	8,950
Computer equipment	287,283	174,459	112,824	78,759
	$ 335,611	$ 207,163	$ 128,448	$ 102,021

4. Surplus - capital fund balance sheet:

	2009	2008
Surplus, beginning of year	$ 102,021	$ 117,129
Capital assets purchased during current year	131,854	80,551
	233,875	197,680
Transfer to operating fund - amortization	105,427	95,659
Surplus, end of year	$ 128,448	$ 102,021

5. Deferred revenue:

Pursuant to a three-year provincial assessment agreement entered into with the Province of Prince Edward Island, the Commission has agreed to refund to the Province of Prince Edward Island, at the end of the agreement, the accumulated surplus, if any, for the years ended March 31, 2008, 2009, and 2010. Further, the Commission will refund the balance of the $ 200,000. reserve, if any, at the end of the assessment agreement unless the parties agree that it may be retained as a reserve to defray costs associated with future agreements.

6. Reserves:

	2009	2008
Reserve balance, beginning of year	$ 200,000	$ -
Transfer to deficit	(151,634)	-
Received from Province	-	200,000
Reserve balance, end of year	$ 48,366	$ 200,000
Comprised of:		
Reserve for Provincial assessment deficiency	48,366	200,000
	$ 48,366	$ 200,000

7. Commitment:

The Commission had an operating lease for its premises at $ 13,866. per month plus common area charges, under a lease that expired March 31, 2009. The Commission is currently in negotiations with the lessor for a renewal of the lease.

The minimum annual lease payment to the expiry date was $ 166,392.

8. Pension costs and obligations:

During the year, the Commission contributed $ 106,618. (2008 - $ 95,928.) to a defined benefit pension plan on behalf of certain employees. These amounts are included in salaries and employee benefits in the statement of earnings and surplus. The pension plan is provided by the Province of Prince Edward Island's Civil Service Superannuation Fund.

9. Financial instruments:

	As at March 31, 2009		As at March 31, 2008	
	Carrying value	Estimated fair value	Carrying value	Estimated fair value
Held-for-trading				
Cash and cash equivalents	$ 747,878	$ 747,878	$ 892,274	$ 892,274
Loans and receivables				
Trade and other accounts receivable	162,786	162,786	103,114	103,114
Other financial liabilities				
Trade and other accounts payable	266,890	266,890	140,198	140,198

The carrying values of financial instruments included in current assets and current liabilities approximate their fair value, reflecting the short-term maturity, normal trade credit terms and/or the nature of these instruments. The fair value of the Commission's severance allowance is not determinable due to the uncertainty surrounding the timing of employee retirements. Accordingly, the carrying value of the allowance is deemed to approximate its fair value.

10. Capital management:

The Commission's capital consists of reserves, surplus and deferred revenues, net of cash and term deposits. The Commission's primary capital management objective is to ensure that committed future expenditures do not exceed current capital resources.

To manage the capital structure, the Commission may adjust capital spending, or may acquire additional capital resources. The Commission does not currently have any material long-term debt, capital leases or any off-balance-sheet obligations, and because it does not anticipate any such debt during 2010, it is not providing guidance on debt within the capital structure.

The Commission is not subject to any externally imposed capital requirements, and there has been no change with respect to overall capital risk management strategy during the year.

Revenue is generated through the following fees for each Division:

Land

Applications under the *Lands Protection Act* for purchase of property by non-residents:

- Minimum of $500.00 or 1% of the agreed purchase price, whichever is greater.

Residential Rental Property

Applications filed pursuant to the *Rental of Residential Property Act:*

a)	Rent owing filed by a Lessor (pursuant to Section 8 of the *Act*)	$30.00
b)	Rent increase (pursuant to Section 23(3) of the *Act*)	
	Two units or less	$25.00
	Three or more units	$75.00
c)	All other applications by a Lessor or Lessee	$10.00

Technical and Regulatory Services

Petroleum

Revenues earned in the Petroleum section for this fiscal year were derived from the fees for licenses issued under the *Petroleum Products Act*, together with other related charges as set out in the schedule that follows on page 30.

(i) Wholesale Distribution License—Initial $1,500.00

(ii) Wholesale Distribution License—Renewal
Based on Total Annual Sales Volume for the Year Preceding the Current License Year (in Litres)

ASSESSMENT SCALE Annual Volume Range (in Litres)			ASSESSMENT RATE
0	-	2,500,000	$2,750.00
2,500,001	-	5,000,000	$5,500.00
5,000,001	-	15,000,000	$8,250.00
15,000,001	-	30,000,000	$11,000.00
(Over 30,000,000 - $11,000.00, plus $2,750.00 for each additional 15,000,000 or portion thereof)			

(iii) Wholesale Distribution License—Supply of 20 lb. Cylinders to Propane Exchange Centres—Initial and Renewal $500.00

(iv) Outlet License—Retail Distributor—Initial $1,500.00

(v) Outlet License—Retail Distributor—Renewal
Based on Total Sales Volume for Previous Year (in Litres)

ASSESSMENT SCALE Annual Volume Range (in Litres)			ASSESSMENT RATE
Minimum			$300.00
1,000,001	-	2,000,000	$400.00
2,000,001	-	3,000,000	$500.00
3,000,001	-	4,000,000	$600.00
4,000,001	-	5,000,000	$700.00
5,000,001	-	6,000,000	$800.00
6,000,001	-	7,000,000	$900.00
7,000,001	-	8,000,000	$1,000.00
8,000,001	-	9,000,000	$1,100.00
9,000,001	-	10,000,000	$1,200.00
10,000,001	-	20,000,000	$1,500.00
20,000,001	-	50,000,000	$1,750.00
Over 50,000,000			$4,000.00

(vi) Outlet License—Tank Truck—Initial and Renewal (Including Consumer Propane Cylinder Delivery Trucks) $125.00

(vii) Outlet License—Consumer Outlet—Initial $200.00

(viii) Outlet License—Consumer Outlet—Renewal
Based on Total Sales Volume for Previous Year (in Litres)

ASSESSMENT SCALE Annual Volume Range (in Litres)			ASSESSMENT RATE
0	-	500,000	$100.00
500,001	-	1,000,000	$200.00
1,000,001	-	2,000,000	$400.00
2,000,001	-	3,000,000	$600.00
3,000,001	-	4,000,000	$800.00
4,000,001	-	5,000,000	$1,000.00
5,000,001	-	6,000,000	$1,200.00
6,000,001	-	7,000,000	$1,400.00
7,000,001	-	8,000,000	$1,600.00
For each additional million			$200.00

(ix) Outlet License—Cardlock/Keylock Facilities—Initial $200.00

(x) Outlet License—Cardlock/Keylock Facilities—Renewal
Based on Total Sales Volume for Previous Year (in Litres)

ASSESSMENT SCALE Annual Volume Range (in Litres)			ASSESSMENT RATE
0	-	1,000,000	$200.00
1,000,001	-	2,000,000	$400.00
2,000,001	-	3,000,000	$600.00
3,000,001	-	4,000,000	$800.00
4,000,001	-	5,000,000	$1,000.00
For each additional million			$200.00

(xi) Outlet License—Propane Exchange Centres Only—Initial and Renewal $50.00
(xii) Outlet License—Propane Refill Centres—Campgrounds Only—Initial and Renewal $50.00
(xiii) Aviation Fuel Depot $500.00
(xiv) Licenses Issued After October 1 Each Year 50% of Applicable License Fee (Minimum $35.00)
(xv) Fee for the Re-Issue or Amendment of any License During the Term of its Validity $35.00
(xvi) Administrative Fee for the Cancellation of any Unused License $35.00

Public Utilities

Water and Sewer

Revenue is generated in accordance with the following assessment scale:

REVENUE RANGE ($)	ASSESSMENT RATE 2007-08	% CHANGE	ASSESSMENT RATE 2008-09
0 - 5,000	$275.63	0.00%	$275.63
5,001 - 10,000	$441.00	0.00%	$441.00
10,001 - 50,000	$716.63	0.00%	$716.63
50,001 - 100,000	$1,102.50	0.00%	$1,102.50
100,001 - 250,000	1.23480%	0.00%	1.23480%
250,001 - 500,000	1.21275%	0.00%	1.21275%
500,001 - 750,000	1.19070%	0.00%	1.19070%
750,001 - 1,000,000	1.16865%	0.00%	1.16865%
1,000,001 - 1,250,000	1.14660%	0.00%	1.14660%
1,250,001 - 1,500,000	1.12455%	0.00%	1.12455%
1,500,001 - 1,750,000	1.10250%	0.00%	1.10250%
1,750,001 - 2,000,000	1.08045%	0.00%	1.08045%
2,000,001 - 2,500,000	1.05840%	0.00%	1.05840%

Electric

The annual power assessment for Maritime Electric Company Limited is levied by the Commission, pursuant to Section 15 of the *Island Regulatory and Appeals Commission Act.*

The assessment for the City of Summerside Electric Utility is determined by the Lieutenant Governor in Council, pursuant to Section 46(2)(a) of the *Electric Power Act.*

Automobile Insurance

The Commission levies annual assessments to all automobile insurers operating in the Province, pursuant to section 258.2 (3) of the *Insurance Act* and section 15 of the *Island Regulatory and Appeals Commission Act.*

Assessment amounts are based on insurers' reported proportionate premium income levels.

Public Utilities

Water and Sewer

Revenue is generated in accordance with the following assessment scale:

REVENUE RANGE ($)	ASSESSMENT RATE 2007-08	% CHANGE	ASSESSMENT RATE 2008-09
0 - 5,000	$275.63	0.00%	$275.63
5,001 - 10,000	$441.00	0.00%	$441.00
10,001 - 50,000	$716.63	0.00%	$716.63
50,001 - 100,000	$1,102.50	0.00%	$1,102.50
100,001 - 250,000	1.23480%	0.00%	1.23480%
250,001 - 500,000	1.21275%	0.00%	1.21275%
500,001 - 750,000	1.19070%	0.00%	1.19070%
750,001 - 1,000,000	1.16865%	0.00%	1.16865%
1,000,001 - 1,250,000	1.14660%	0.00%	1.14660%
1,250,001 - 1,500,000	1.12455%	0.00%	1.12455%
1,500,001 - 1,750,000	1.10250%	0.00%	1.10250%
1,750,001 - 2,000,000	1.08045%	0.00%	1.05840%
2,000,001 - 2,500,000	1.05840%	0.00%	1.05840%

Electric

The annual power assessment for Maritime Electric Company Limited is levied by the Commission, pursuant to Section 15 of the *Island Regulatory and Appeals Commission Act.*

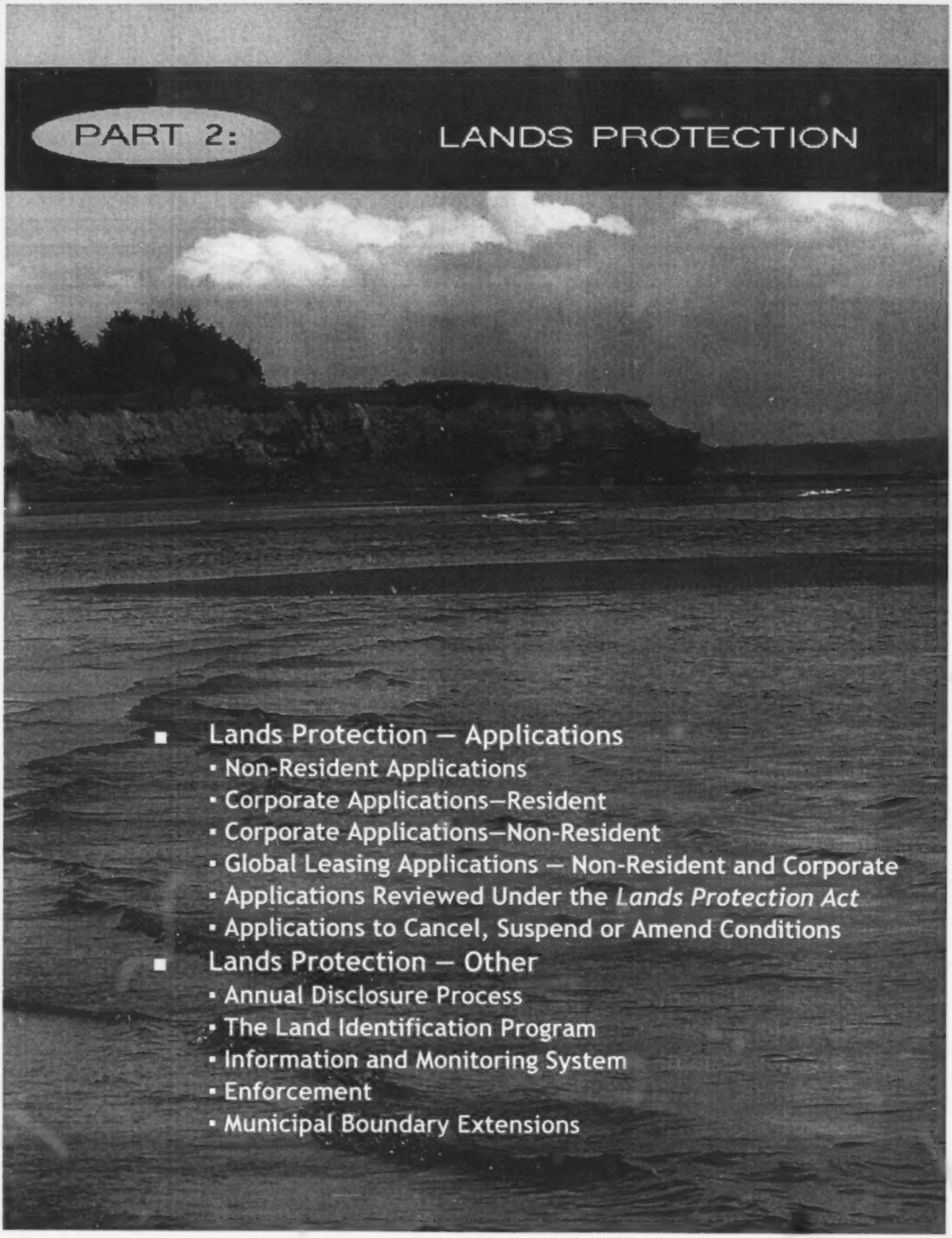
The assessment for the City of Summerside Electric Utility is determined by the Lieutenant Governor in Council, pursuant to Section 46(2)(a) of the *Electric Power Act.*

Automobile Insurance

The Commission levies annual assessments to all automobile insurers operating in the Province, pursuant to section 258.2 (3) of the *Insurance Act* and section 15 of the *Island Regulatory and Appeals Commission Act.*

Assessment amounts are based on insurers' reported proportionate premium income levels.

PART 2: LANDS PROTECTION



- Lands Protection — Applications
  - Non-Resident Applications
  - Corporate Applications—Resident
  - Corporate Applications—Non-Resident
  - Global Leasing Applications — Non-Resident and Corporate
  - Applications Reviewed Under the *Lands Protection Act*
  - Applications to Cancel, Suspend or Amend Conditions
- Lands Protection — Other
  - Annual Disclosure Process
  - The Land Identification Program
  - Information and Monitoring System
  - Enforcement
  - Municipal Boundary Extensions

Lands Protection—Applications

The Commission is responsible for making recommendations to the Lieutenant Governor in Council on all applications by non-residents and corporations applying to acquire an interest in land pursuant to the provisions of the *Lands Protection Act.*

Non-Resident Applications

During the reporting period, the Commission considered one hundred and seven (107) applications from non-residents totaling 7,484.56 acres. Fifty-one (51) applications with shore frontage totaling approximately 47,209 feet were included in the non-resident applications.

The Commission recommended that the Lieutenant Governor in Council deny fourteen (14) non-resident applications.

The Lieutenant Governor in Council denied five (5) applications. The Commission recommended that they be denied for the following reasons:

- In three (3) of the applications, the intended use was subdivision of lots where the parcel had significant capability for resource use and was located in a rural area of the Province. The Commission continues to be concerned about the development of subdivisions in the rural areas of the Province and its negative impact on the Province's resource land base in the absence of a comprehensive land use plan.

- In two (2) of the applications, the applicants already owned sufficient land in the Province for the intended use of seasonal residence and recreational use and did not demonstrate a need for additional land in the Province.

The other nine applications involved two hundred and fifty (250) acres of land. The Commission recommended that they be denied for the following reasons:

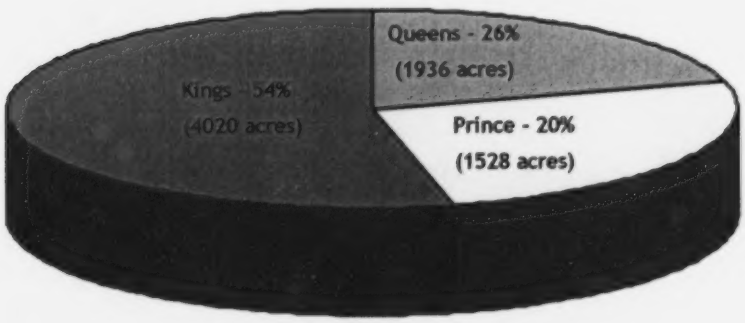
- In five (5) of the applications, the parcels were not "suitably advertised" on the local real estate market. The Commission believes that residents of the Province should have the opportunity to compete for land prior to non-residents being given permission to acquire it.

- In three (3) of the applications, the applicants were shareholders in corporations that had applied for permission to acquire parcels. The Commission recommended denial of the corporate applications (see corporate applications).

- In one (1) of the applications, the parcel was located in a rural area of the Province that is experiencing high levels of non-resident land ownership and the applicants already owned sufficient land in the Province for a seasonal residence and did not demonstrate a need for additional land in the Province.

The Lieutenant Governor in Council disagreed with the Commission's recommendations and approved the nine applications; eight without conditions and one approval subject to a portion of the parcel being consolidated with an adjacent parcel, and with identification to apply to the remaining parcel.

2008 — 2009
Non-Resident Applications



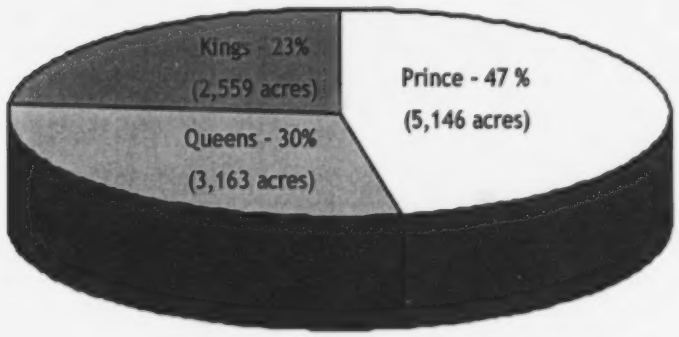
Acreage Distribution by County

Corporate Applications — Resident

During this same period, the Commission considered one hundred and sixty (160) applications involving 10,942.92 acres of land from resident corporations.

The Commission recommended that all resident corporate applications be approved.

2008 — 2009
Corporate Applications — Resident



Acreage Distribution by County

Corporate Applications — Non-Resident

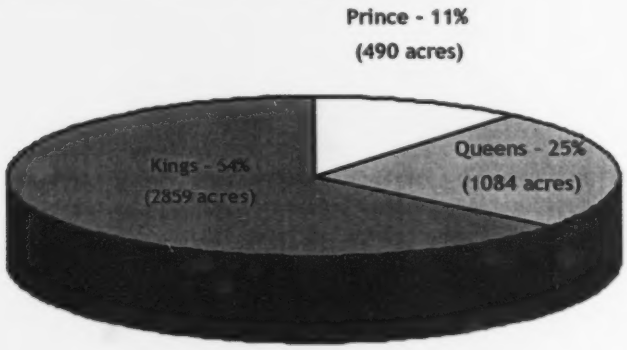
Fifty-one (51) applications totaling 4,463.93 acres of land were considered from non-resident corporations. Seven (7) applications with shore frontage totaling approximately 4,255 feet were included in the non-resident corporate applications.

The Commission recommended that Lieutenant Governor in Council deny three (3) non-resident corporate applications.

The three applications involved 135 acres of land. The Commission recommended that all three applications be denied because they were not "suitably advertised" on the local real estate market. The Commission believed that residents of the Province should have the opportunity to compete for land prior to non-residents being given permission to acquire it.

Council disagreed with the Commission's recommendations and approved the three applications, one with the condition of identification for non-development use and two without conditions.

2008 — 2009
Corporate Applications — Non-Resident



Acreage Distribution by County

2008 — 2009

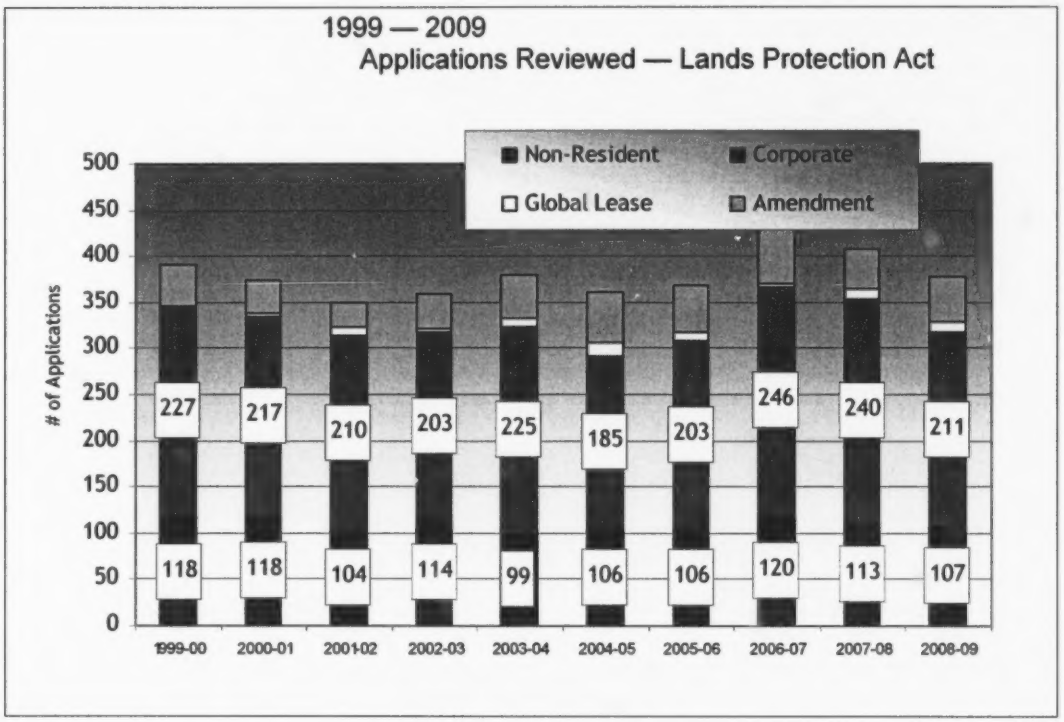
Applications by County—*Lands Protection Act*

	PRINCE COUNTY		QUEENS COUNTY		KINGS COUNTY		TOTAL PROVINCE	
Type of Application	#	Acreage	#	Acreage	#	Acreage	#	Acreage
Non-Resident	33	1,528.45	39	1,935.72	35	4,020.39	107	7,484.56
Corporate—Resident	65	5,146.21	69	3,238.04	26	2,558.67	160	10,942.92
Corporate—Non-Resident	24	489.87	16	1,115.51	11	2,858.55	51	4,463.93
TOTAL	122	7,164.53	124	6,289.27	72	9,437.61	318	22,891.41

Global Leasing Applications — Non-Resident and Corporate

Eleven (11) applications totaling 5,165.50 acres of land were considered and approved.

Applications Reviewed Under the *Lands Protection Act*



Applications to Cancel, Suspend or Amend Conditions

The Commission is also responsible for receiving applications to cancel, suspend or amend any condition, including the condition that the land be identified for non-development use, imposed under subsection 9(1) of the *Act*. The Commission then submits a report containing factors relevant to each application to the Minister of Communities, Cultural Affairs and Labour who makes a recommendation on the disposition of the application to the Lieutenant Governor in Council.

During the reporting period, forty-nine (49) applications totaling 793.66 acres were considered. Eight (8) applications involving 295.99 acres were denied. The rest were approved with the exception of one which was approved in part.

Annual Disclosure Process

Under the *Lands Protection Act*, a person having an aggregate land holding in excess of 750 acres or a corporation having an aggregate land holding in excess of 2,250 acres is required to file an annual land holding disclosure statement with the Commission. The disclosure statements are filed pursuant to the provisions of subsection 10(2) of the *Act* which states:

> *Without prejudice to subsection (1), any person or corporation having an aggregate land holding in excess of the limit specified in subsection (1) shall, not later than December 31 of each year, file a disclosure statement with the Commission.*

For the year 2008, the Commission received a total of one hundred and thirty-nine (139) land holding disclosure statements, of which twenty-eight (28) statements were filed by corporations and one hundred and eleven (111) filed by persons.

In one instance, a Commission hearing was scheduled because a Respondent had failed to file a disclosure. However, the Respondent filed the disclosure, paid a penalty and admitted the violation prior to the hearing date and the hearing was not required.

The Land Identification Program

The objective of the Land Identification Program is to preserve land for resource use by identifying it for non-development use. Non-development use means use for such purposes as forestry, wildlife, agriculture, recreation, permanent or seasonal residences that do not involve commercial or industrial development or subdivision.

The Commission's involvement in this program pertains to acquisitions by non-residents and corporations. The Commission is responsible for making recommendations to the Lieutenant Governor in Council on the disposition of applications including recommendations whether the land should be identified.

1999-2009
All Applications—Land Identification Program
Acreage Identified for Non-Development Use

Type of Application	1999-20	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Non-Resident	1,976	2,382	1,739	2,167	1,392	2,797	2,411	1,791	2,234	2,269
Corporate	10,877	7,415	13,956	15,156	9,394	4,804	6,049	5,174	5,207	6,056
TOTAL ACRES	12,853	9,797	15,695	17,323	10,786	7,601	8,460	6,965	7,441	8,325

The Commission places an emphasis on the identification of land for non-development use when it considers applications by non-residents and corporations for land acquisition. Special attention is paid to applications for acquisition of coastal land, active agricultural land, speculative land transactions and land intended for subdivision.

The Commission believes that this program is particularly important to preserve the Province's resource land base from premature and non-sustainable development, given the lack of a land use plan in much of the rural area of the Province. The program assists in ensuring that land will be available for the resource sector in the future.

During the reporting period, 8,326 acres were designated for identification for non-development use as a result of non-resident, non-resident corporate and resident corporate applications considered under the *Act*. The acreage identified represents approximately 36% of the total acreage considered by the Commission during the reporting period.

Information and Monitoring System

The Commission's computerized land information system contains information on all applications filed with the Commission and the Land Use Commission dating back to 1977. The database also tracks persons and corporations that file annual land holding disclosure statements. This system allows the Commission to access information more quickly and efficiently when reviewing applications, conducting research and responding to public inquiries.

The Commission has provided access to certain information, pertaining to corporate and non-resident applications, to the general public through the Commission's website for the last several years. This allows applicants and others who may have an interest in a particular application to follow its progress from the time it is filed until a decision is rendered. The Commission has expanded the relevant information now available to the public by adding a map showing the subject parcel.

The Commission continues to access property information and mapping through GeoLinc and the Department of Provincial Treasury's assessment records system, and uses a computerized mapping program called MapInfo to conduct research and studies relating to land matters. Up-to-date data is downloaded from the provincial database on a weekly basis.

Enforcement

Pursuant to subsection 15(1) of the *Lands Protection Act*, the Commission may request information and conduct an investigation for the purpose of determining whether a person or corporation has contravened the *Act* or the regulations. During the reporting period, the Commission initiated two (2) inquiries/investigations. In addition, two (2) matters were carried over from the previous year. Of these four (4) matters, two (2) were finalized during the reporting period.

Two (2) matters are still under review.

Over the past several years, the Commission has become increasingly concerned about the number of incidences in which arrangements have been used to hold land for non-resident persons. The Commission notes that it is unaware of any exceptions or legal opinions in respect of exceptions to the *Lands Protection Act* allowing for such arrangements and thus, these arrangements will continue to be dealt with as a circumvention of the *Lands Protection Act*.

Municipal Boundary Extensions

The Commission is responsible for conducting public hearings with respect to municipal boundary extensions. Pursuant to subsection 12(1) of the *Municipalities Act*:

> *12(1) Where a municipality wishes to extend its boundaries to include an area for which no municipal government is provided under this Act, it may apply to the Minister for approval of the annexation of that area.*

Pursuant to subsection 13(1), upon receipt of such application, the Minister shall direct the Commission to conduct a public hearing and make a recommendation to the Minister on the disposition of such application.

On January 9, 2008, the Minister referred an application to extend the municipal boundaries of the Community of Morell to the Commission. On April 16, 2008, the Commission held a public hearing in the Community of Morell to consider the Community's application to extend its municipal boundaries. On May 14, 2008, the Commission issued its recommendation to the Minister. Effective June 3, 2008, Executive Council approved the Community's application.

On September 24, 2008, the Minister referred an application to extend the municipal boundaries of the Community of O'Leary to the Commission. The Commission scheduled a public hearing for November 19, 2008. However, due to severe winter weather conditions experienced while en route to the Community of O'Leary, the hearing was cancelled. On February 3, 2009, the Commission held a public hearing in the Community of O'Leary to consider the Community's application to extend its municipal boundaries. On March 31, 2009, the Commission issued its recommendation to the Minister.

PART 3: REGULATORY FUNCTIONS

- Petroleum Licensing and Pricing
- Public Utilities
  - Electric
  - Water and Sewer
- Automobile Insurance
- Waste Management

Petroleum Licensing & Pricing

Petroleum regulation in Prince Edward Island is governed by the *Petroleum Products Act,* R.S.P.E.I. 1988, Cap. P-5.1. The purpose of the *Act* is set out in Section 2, which reads as follows:

> *The purpose of this Act is to regulate the distribution and sale of petroleum products within the Province of Prince Edward Island for use within the province, and the type, location, and operation of facilities and equipment associated therewith, and to ensure at all times a just and reasonable price for heating fuel and motor fuel to consumers and licensees within the province.*

In addition, there is a requirement on the Commission, when dealing with applications for annual renewal of all licenses, to consider whether the licensee is in a position to ensure an adequate supply of product during the coming year, the quantity of petroleum products sold in the previous year and the quality of service which the outlet renders to the community in which it is situated. The Commission expects to receive a minimum of three months' notice, especially in the case of wholesaler-owned outlets, of an intention to close a licensed outlet or remove a licensed service. Wholesale licenses bear the following condition:

> *It is a condition of this license that the licensee shall maintain the level and type of service offered as of the date of this license, and shall not interrupt the supply of petroleum products and related services to retailers and consumers, unless prior written approval has been obtained from the Commission.*

It is an important principle in regulation that, when a license is issued under the *Act*, a licensee cannot service customers selectively, nor can a licensee arbitrarily discriminate against certain customers. It is a requirement of the Commission that products and services be provided in accordance with the class of license issued as prescribed by section 63 of the *Act*.

1999 — 2008

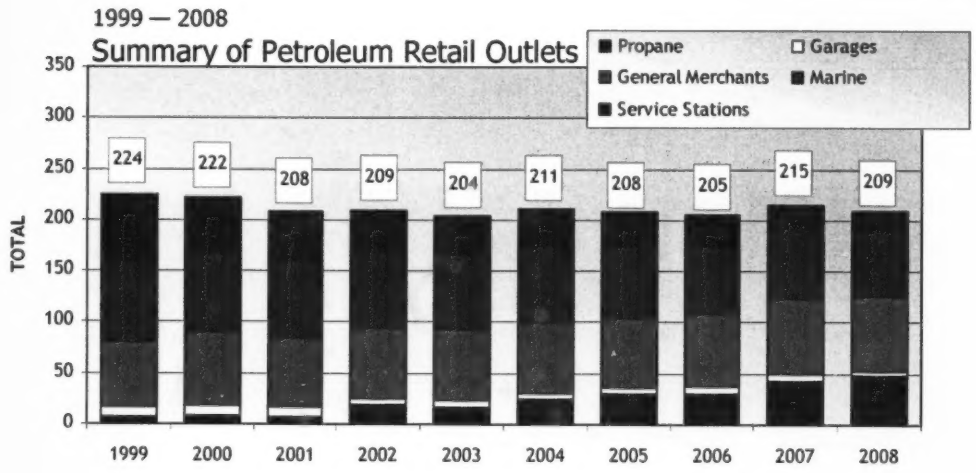
Summary of Petroleum Licenses Issued

	wholesalers	retail outlets	retail distributors	tank trucks	TOTAL
2008	14	209	16	84	323
2007	13	215	16	83	327
2006	14	205	18	88	325
2005	13	208	17	90	328
2004	13	211	19	92	335
2003	12	204	23	84	323
2002	12	209	28	90	339
2001	9	208	27	95	339
2000	9	222	27	98	356
1999	9	224	27	101	361

NOTE: In addition to the above licenses, Slemon Park Corporation has been licensed since 1992 with respect to the sale of aviation fuels.

Under the *Act*, no wholesaler or wholesaler-retailer shall bring into the Province, cause another to bring into the Province or distribute within the Province, any petroleum product unless that wholesaler or wholesaler-retailer holds a license authorizing such activities. The *Act* also provides that no retailer, wholesaler or wholesaler-retailer shall sell or furnish any petroleum product or keep any petroleum product for sale at an outlet unless that retailer, wholesaler or wholesaler-retailer is the holder of a license with respect to each such outlet, and then only as specified in the license and subject to the *Act* and Regulations.

In the area of petroleum licensing, Section 20 of the *Act* requires that the Commission, when issuing a retailer's license, consider the public interest, convenience and necessity by applying such criteria as the Commission may from time to time consider advisable. This includes, but is not restricted to, a consideration of the demand for the proposed service, the location of the outlet, traffic flows and the applicant's record of performance.



A total of 14 wholesalers were licensed under the *Act* this past year. Ultramar Ltd., Shell Canada Limited, Imperial Oil Limited, Irving Oil Marketing Limited, Petro-Canada, Co-op Atlantic, Wilson Fuel Co. Limited, XTR Energy Company Limited and Bluewave Energy Limited Partnership supply common petroleum products, and in addition, Irving Oil also handles propane. Propane exchange centres located throughout the Province are supplied by Lakeshore Fuels Inc., Supreme Tank Incorporated, Caledon Propane Inc. and Kenmac Energy Inc. Kenmac also supplies bulk propane, as does Superior Propane which deals exclusively with that product.

1999 — 2008

Summary of Petroleum Retail Outlets by Classification

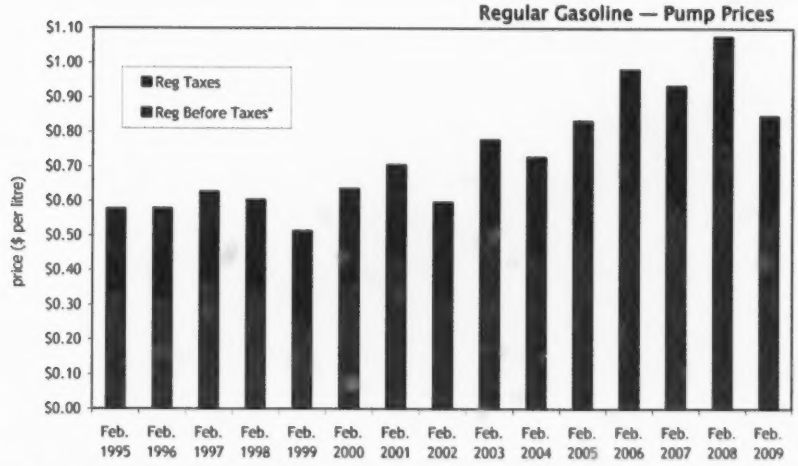
	station*	merchant	garage*	farm	propane only	TOTAL
2008	22	72	5	62	48	209
2007	24	73	6	69	43	215
2006	31	70	6	67	31	205
2005	34	68	6	70	30	208
2004	38	68	6	74	25	211
2003	38	70	6	73	17	204
2002	41	69	6	74	19**	209
2001	49	68	9	75	7	208
2000	56	71	10	77	8	222
1999	66	63	10	78	7	224

* Includes Commercial Diesel Cardlock until 2002

** Includes 12 newly licensed as propane exchange centres only

In the area of petroleum pricing, the Commission's legislative mandate requires that it ensure a just and reasonable price for heating and motor fuels to consumers and licensees within the Province. In addition to dealing with individual applications for price changes to wholesalers' dealer and posted consumer prices, the Commission monitors available pricing information from local, national and international sources.

1995 — 2009
Regular Gasoline — Pump Prices

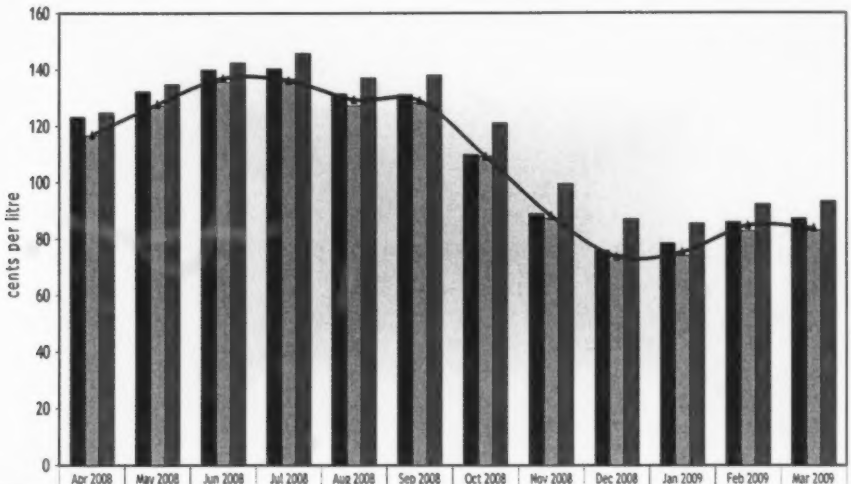


*Includes average dealer markup of 5.5 cent per litre

The Commission also has the responsibility of determining retailers' minimum and maximum markups. Currently, the authorized markups range from 4.5 to 6.5 cents per litre at self-serve pumps, and from 6.5 to 9.5 cents per litre at full-serve pumps. In addition, the markup selected by a dealer for each method of dispensing must be consistently applied to each grade of gasoline sold or offered for sale at the outlet. At split-serve outlets, diesel fuel and each grade of gasoline sold at self-serve pumps must be priced at least 2.0 cents lower than the prices at which full-serve diesel fuel and each grade of gasoline are being offered for sale.

The following schedule compares regional regular unleaded gasoline prices during this reporting period.

April 2008 - March 2009
Regular Unleaded Gasoline Prices (Cents per litre) - Atlantic Region



	Apr 2008	May 2008	Jun 2008	Jul 2008	Aug 2008	Sep 2008	Oct 2008	Nov 2008	Dec 2008	Jan 2009	Feb 2009	Mar 2009
Halifax	123.3	132.2	139.9	140.3	131.4	131.1	109.9	88.9	75.9	78.4	85.9	87.3
Fredericton	116.6	127.3	135.6	136.7	127.2	128.3	109.4	87.1	74.3	74.1	82.8	83.1
St John's	124.8	134.7	142.4	145.8	137.1	138	121	99.5	87	85.5	92.3	93.4
Ch'town	116.9	127.8	136.9	136.2	129.4	129	109.2	88.1	73.7	75.3	84.7	83.9

All petroleum product price changes authorized by the Commission are the subject of public notice. Current and archived pricing information on all products is available on the Commission's website at www.irac.pe.ca.

During the period covered by this report, the Commission issued 59 formal Orders relating to petroleum regulation.

Following is additional statistical data for the calendar years 1999-2008, including statistics relating to average gasoline volume per retail outlet (general merchant/service station/garage).

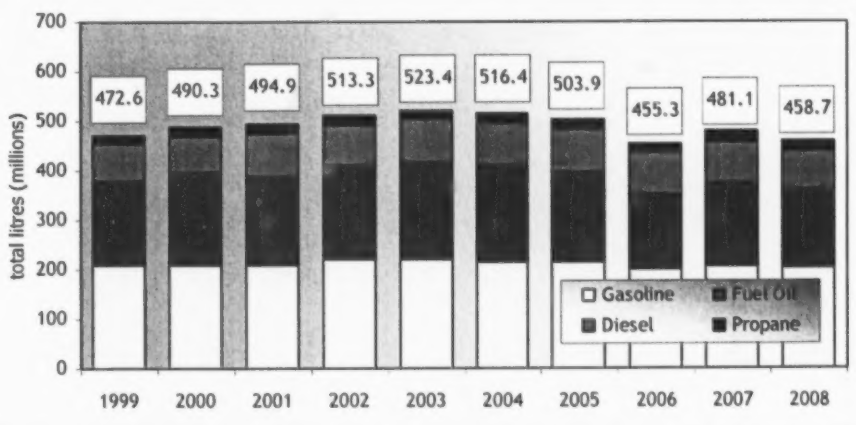
1999 — 2008

Summary of Petroleum Products Sold (in Litres)

	gasoline	fuel oils	diesel	propane	TOTAL
2008	203,898,647	159,387,400	74,474,033	20,962,027	458,722,107
2007	206,735,629	171,956,926	80,292,701	22,083,751	481,069,007
2006	201,132,906	152,653,541	81,319,436	20,156,213	455,262,096
2005	215,606,663	181,001,327	86,042,708	21,247,305	503,898,003
2004	216,693,837	194,930,634	83,033,209	21,764,407	516,422,087
2003	221,220,829	197,008,105	84,807,293	20,359,506	523,395,733
2002	220,363,661	193,478,213	79,268,308	20,140,851	513,251,033
2001	208,970,074	180,317,704	85,272,665	20,330,264	494,890,707
2000	209,630,327	187,808,918	73,596,810	19,261,292	490,297,347
1999	209,254,079	170,140,141	74,360,432	18,891,677	472,646,329

1999-2008

Summary of Petroleum Products Sold



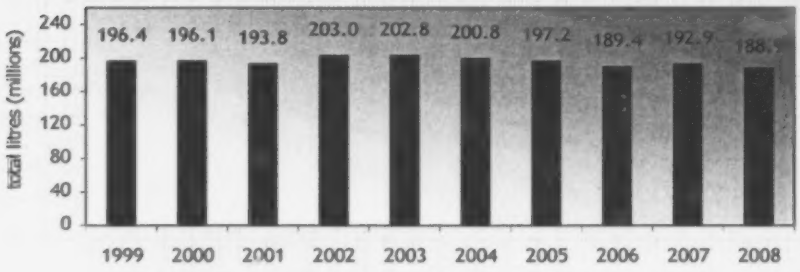
1999 — 2008

Retail Dealers — Gasoline Volume Statistics

	retail gasoline volume (litres)	number of outlets	average volume/outlet
2008	188,932,978	99	1,908,414
2007	192,890,821	103	1,872,726
2006	189,418,271	107	1,770,264
2005	197,224,392	108	1,826,152
2004	200,831,674	112	1,793,140
2003	202,788,877	114	1,778,850
2002	203,048,718	115	1,765,641
2001	193,792,185	124	1,562,840
2000	196,103,662	135	1,452,620
1999	196,411,799	137	1,433,663

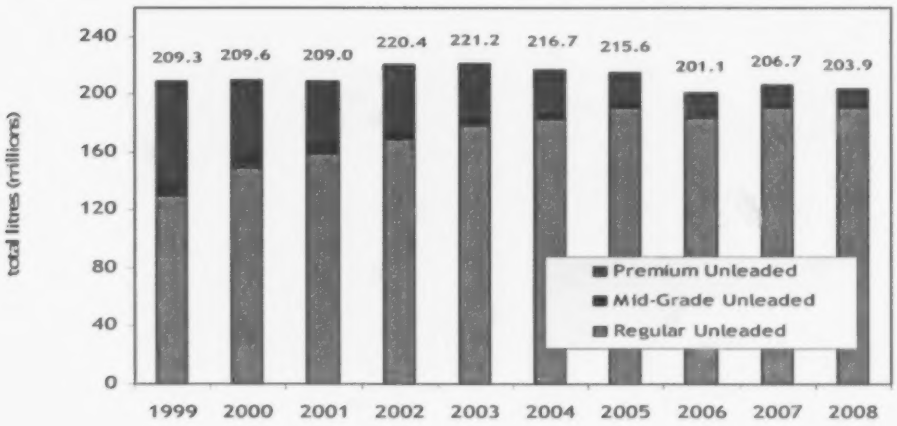
1999-2008

Summary of Gasoline Sales Retail (Excluding Marine)



1999-2008

Sales of Gasoline by Grade



Public Utilities

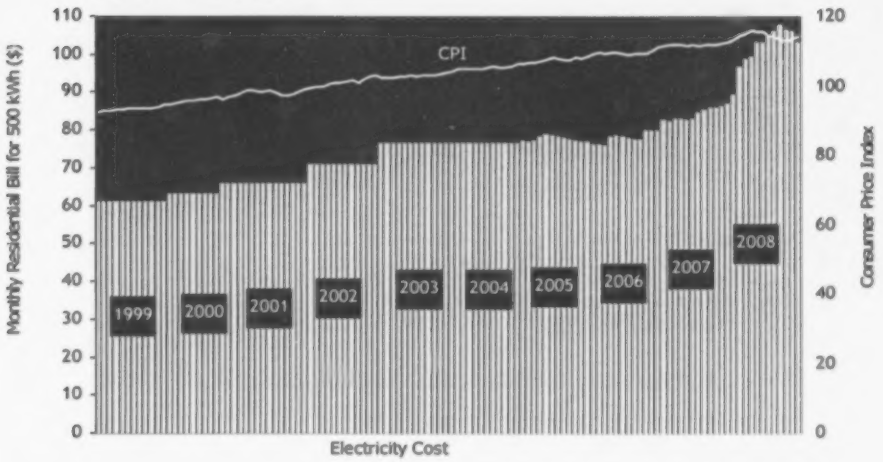
In the area of public utilities, the Commission derives its authority under the *Electric Power Act* and the *Water and Sewerage Act*. The former *Act* applies to electric utilities operating in the Province and the latter applies to municipal water and wastewater utilities[1].

Electric

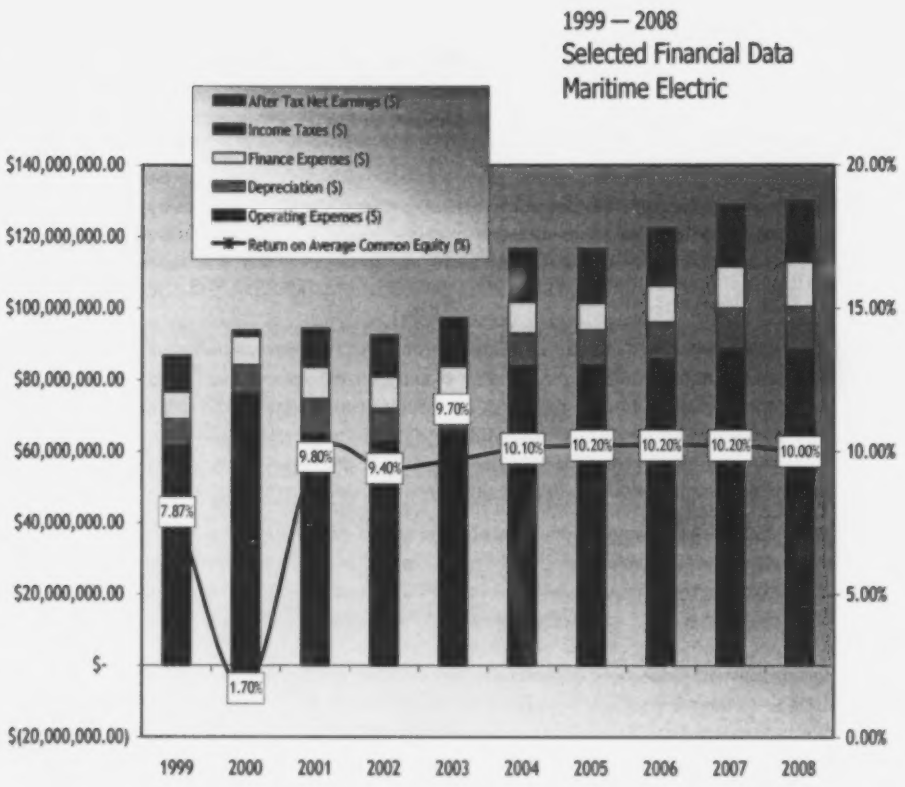
The *Electric Power Act* came into effect on January 1, 2004 and returned Maritime Electric Company, Limited (Maritime Electric), the Province's principal supplier of electric power, to the jurisdiction of the Commission. The legislation provides, as well, for the regulation of electric power rates and charges of the City of Summerside Electric Utility insofar as that utility provides services beyond its corporate limits. However, by virtue of the *Electric Power Act City of Summerside Electric Utility Exemption Regulations*, the Summerside Utility is largely exempt from the jurisdiction of the Commission so long as its rates and charges for services provided beyond its corporate limits do not exceed its rates for services provided within the City.

During the period covered by this report, Maritime Electric received Commission approval for a rebasing of the Energy Cost Adjustment Mechanism ("ECAM") which resulted in an increase of 5.34% in rates for effect with meter readings taken on and after April 1, 2009. The same Order approved a return to a 12-month amortization period in the ECAM formula, a return on average common equity of 9.75% and approval of the Energy Purchase Agreements ("EPA") with New Brunswick Power Generation. Maritime Electric received approval for 2009 capital budget expenditures, including construction of transmission line infrastructure required to connect a recently developed wind farm to the transmission grid. The Commission was required to issue several Orders granting permission for Maritime Electric to enter upon private properties for the purposes of conducting survey markings for the transmission line project.

1999 — 2008
Electricity Costs Compared to the Consumer Price Index
Maritime Electric



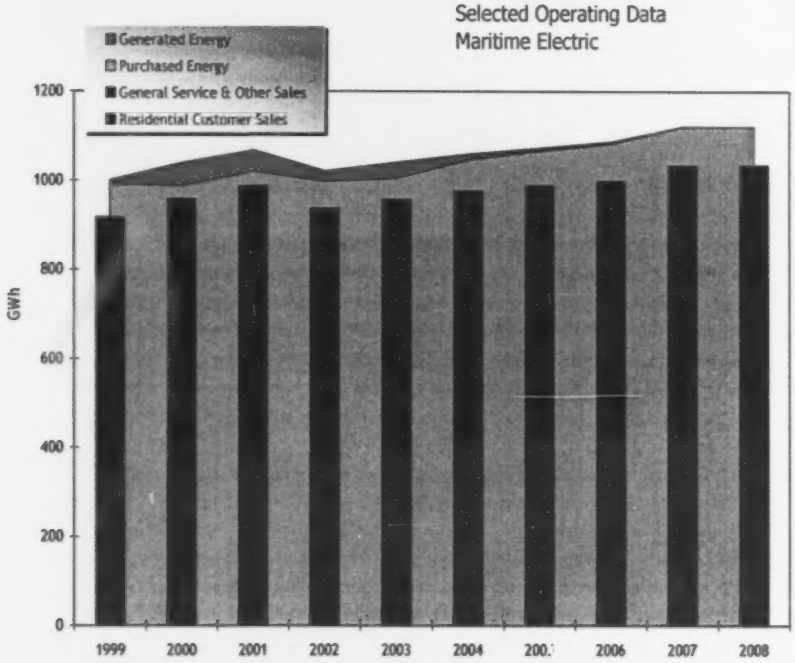
[1] The utilities operating in the cities of Charlottetown and Summerside and the towns of Stratford and Cornwall are exempt from the jurisdiction of the Commission.



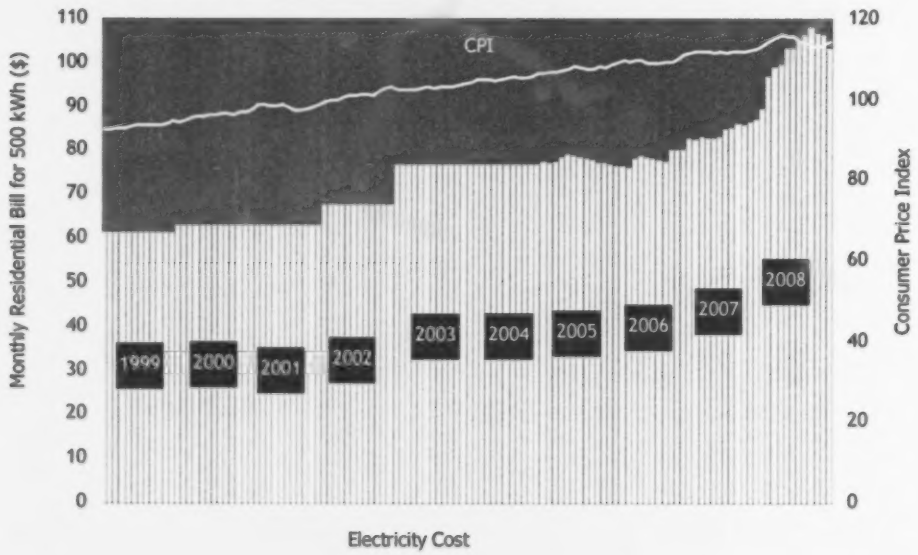
Under the *Renewable Energy Act*, Maritime Electric continues to work towards the requirements of a 5% reduction in the intensity of peak demand by 2010. Maritime Electric recently filed a progress report with the Commission which is presently under review.

During the reporting period, the Commission also issued several other utility-related orders. Commission Order UE08-05 dismissed a complaint filed with the Commission relating to alleged potential adverse health affects of a transmission line on the Howlan Road. The Commission issued Orders relating to jurisdictional and preliminary matters associated with the approval of a final version of the Open Access Transmission Tariff ("OATT").

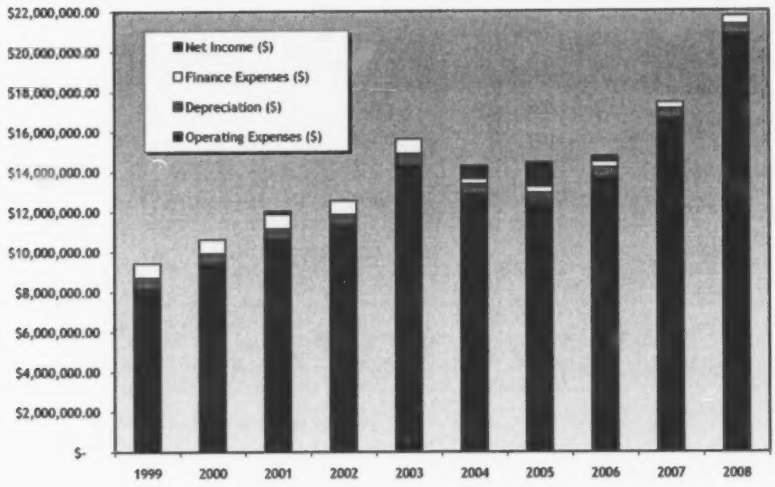
1999 — 2008
Selected Operating Data
Maritime Electric



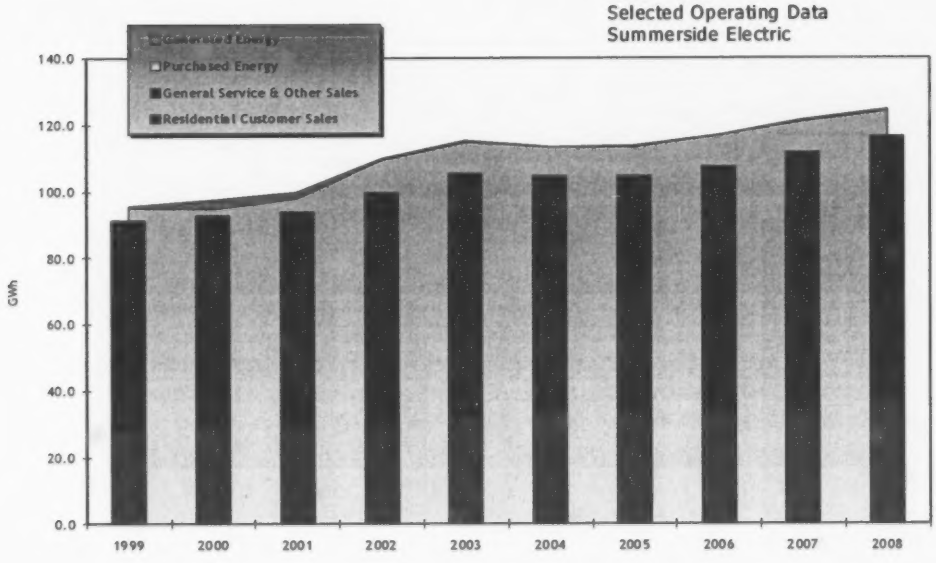
1999 — 2008
Electricity Costs Compared to the Consumer Price Index - Summerside Electric



1999 — 2008
Selected Financial Data
Summerside Electric



1999 — 2008
Selected Operating Data
Summerside Electric

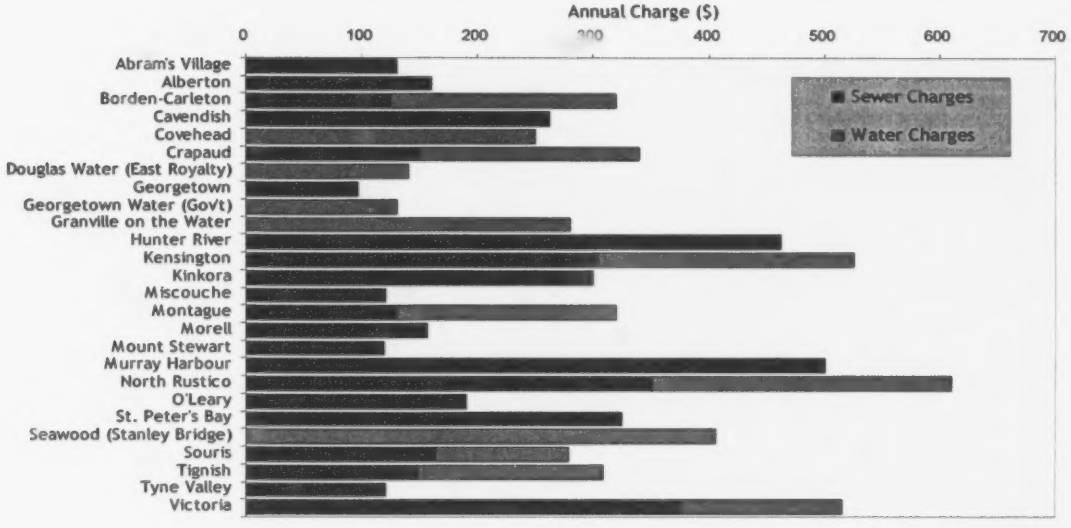


Water & Sewer

In the area of municipal water and wastewater utilities, the Commission issued seven (7) permits approving construction projects for various municipalities.

Specifically, projects approved by the Commission included sewer treatment plant upgrades in Borden-Carleton; the extension of sewer services in Cavendish and to the new Heritage Homestead Subdivision in Miscouche; replacement of various sewer mains in Alberton; and sewer and water main replacement work was done in Souris as well. Approval was also given for the completion of Phase III of water service development in North Granville and the installment of sewer and water services to the Ranchland Estates Subdivision located in Kensington.

Partial funding of municipal construction projects continued to be available through various federal-provincial development initiatives.



2008

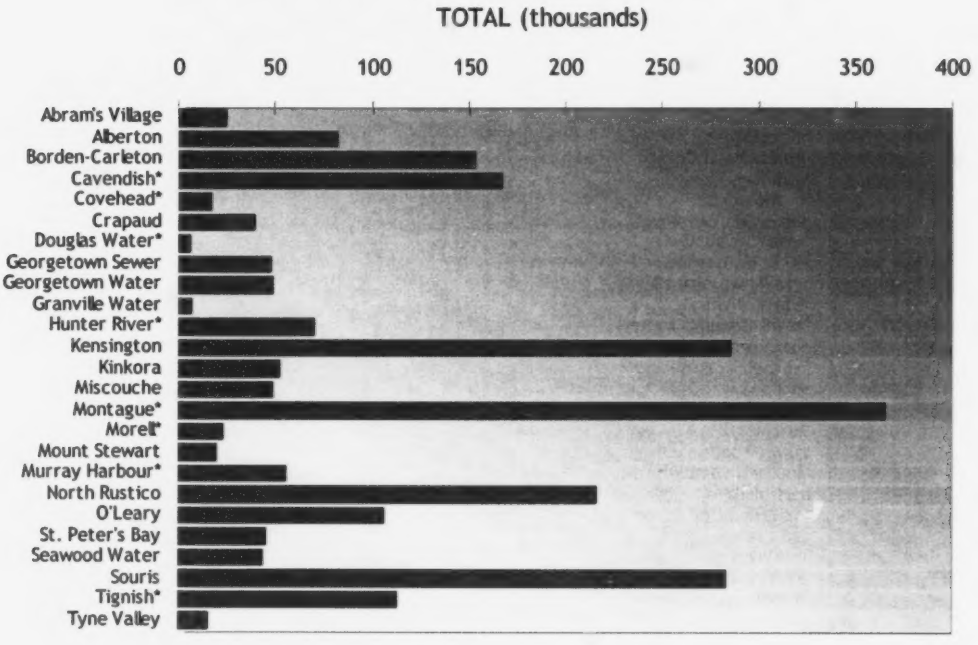
Sewer-Water Annual Charges
(Based on a Single-Family Dwelling)

In 1997, the Commission introduced a uniform system of accounts for water and wastewater utilities. The uniform system has generally been well received by the utilities under the Commission's jurisdiction and the accounting community. The benefits of uniform accounts are being realized, particularly now that all utilities are in compliance with the uniform reporting system.

Many utilities continue to be impacted by high infrastructure costs and increased expenditures related to the day-to-day operation of treatment facilities. It is anticipated that several will require rate reviews in the coming few years.

During this reporting period, the Commission issued six water/wastewater related Orders. Morell and Alberton utilities were granted approval to increase sewer rates and Seawood Estates Water Utility received authorization to increase water rates. An interim water tariff was approved for a new system servicing the Granville on the Water Utility. As well, Victoria received interim approval of a new sewer rate. Following the Kensington Utility's undertaking to install meters on its non-residential customers, approval was granted in Order UW09-01 to implement metered water rates, effective January 1, 2009.

Numerous utility-related inquiries and complaints were also addressed.



2008

Total Revenues — Sewer and Water Utilities

* Unreported - Figures are based on previous years.

Automobile Insurance

In December of 2003, the provincial government amended the *Insurance Act* to place the supervision of automobile insurance rates under the jurisdiction of the Commission. The legislation required that all insurers providing automobile insurance in Prince Edward Island file their rates with the Commission on, at least, an annual basis.

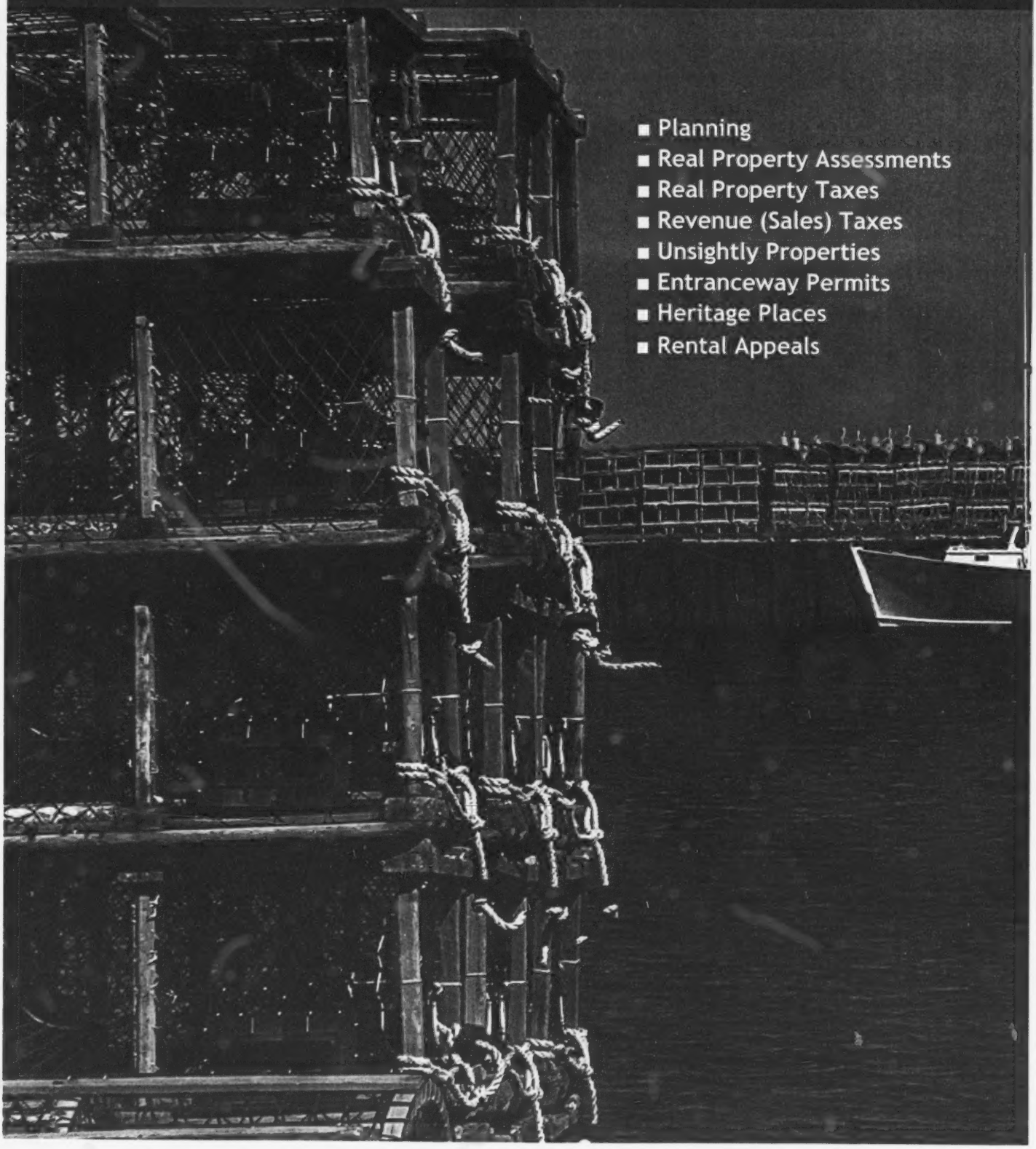
This past year, the Commission reviewed a total of 73 rate and/or rate related filings. On a weighted average basis, the overall rate impact observed on Prince Edward Island for this period amounted to +0.1%. This combined with average rate reductions of 9.9% in 2004, 3.3% in 2005, 4.8% in 2006, 3.6% in 2007 and 0.2% in 2008, yields a combined weighted average rate reduction of approximately 21% since the introduction of insurance reform in 2003.

As observed in previous years, the Commission's analysis revealed that there were broad differences in the rates charged by different companies for similar insurance coverage. Accordingly, the Commission is of the opinion that strong competition in the general insurance market continues to exist in Prince Edward Island.

Waste Management

In June, 2005, the Legislature amended the *Environmental Protection Act* requiring Commission approval of variations to existing rates and rates for new services by the Island Waste Management Corporation (IWMC). In seeking rate changes, the IWMC is required to file with the Commission a schedule of proposed rates, a submission justifying or explaining the proposed rates and any such information as the Commission may require. No application for rate changes was received during the period covered by the report.

PART 4: APPELLATE FUNCTIONS



- Planning
- Real Property Assessments
- Real Property Taxes
- Revenue (Sales) Taxes
- Unsightly Properties
- Entranceway Permits
- Heritage Places
- Rental Appeals

Appellate Functions

Planning

Under the *Planning Act,* the Commission is responsible for hearing and deciding appeals relating to land use.

As an appellate body the Commission hears appeals from persons who are dissatisfied with decisions made by the Minister of Communities, Cultural Affairs and Labour or a municipal council pursuant to section 28 of the *Act.* This provision is set out as follows:

> *... any person who is dissatisfied by a decision of a council or the Minister in respect of the administration of regulations or bylaws made pursuant to the powers conferred by this Act, may, within twenty-one days of the decision appeal to the Commission.*

In 2008-2009, the Commission received a total of 24 appeals. In addition, 10 appeals were carried forward from previous years. Of these 34 appeals, 3 were allowed, 9 were denied, 13 were subsequently withdrawn by the Appellant and in one case the Commission did not have jurisdiction to hear the appeal. A total of 8 appeals are pending.

1999-2009

Status of *Planning Act* Appeals

Appeals	99-00	00-01	01-02	02-03	03-04	04-05	05-06	06-07	07-08	08-09
Allowed	2	1	1	1	4	1	4	3	2	3
Denied	7	9	5	1	2	10	6	9	5	9
Withdrawn	12	6	2	7	6	10	8	3	1	13
No Jurisdiction	11	3	1	3	2	9	4	3	4	1
Mediated	3	3	1	2	0	2	2	2	0	0
Pending	5	6	3	7	9	10	13	4	10	8
Total	40	28	13	21	23	42	37	24	22	34

Real Property Assessments

The Provincial Treasurer is responsible for administering the *Real Property Assessment Act.* Sub-section 22(1) of the *Act* states:

> *Where an assessment has been referred to the Minister under Section 20, and after the Minister has notified the person making the reference of his decision, the person making the reference may appeal to the Commission to have the assessment vacated or varied.*

In 2008-2009, the Commission received 16 appeals. In addition, 12 appeals were carried forward from previous years. Of these 28 appeals, 9 were subsequently withdrawn, one appeal was denied and 18 appeals are currently pending.

Real Property Taxes

The Provincial Treasurer is responsible for administering the *Real Property Tax Act.* Subsection 35(1) of the *Act* reads:

> *Where a tax has been referred to the Minister under Section 33, and after the Minister has notified the person making the reference of his decision, the person making the reference may appeal to the Commission, to have the tax vacated or varied.*

No appeals were filed with the Commission during this reporting period.

Revenue (Sales) Taxes

Under the *Revenue Administration Act*, the Commission acts as an appellate tribunal that hears appeals from decisions of the Provincial Tax Commissioner in relation to tax assessments made under several provincial revenue acts.

In 2008-2009, one sales tax appeal was filed with the Commission. This appeal is currently pending.

Unsightly Properties

The *Unsightly Property Act* deals with properties that are considered unsightly. Under the *Act* an order can be issued to an individual to clean up the property. Pursuant to Section 7 of the *Act*, where an individual is issued an order to clean up an unsightly property, he or she may appeal to the Commission. On hearing the appeal, the Commission may confirm, rescind or in any manner vary the order, and the judgment of the Commission shall be final.

During the reporting period, no appeals were filed with the Commission.

Entranceway Permits

The *Roads Act* is administered by the Department of Transportation and Public Works. The Commission has appellate jurisdiction as set out pursuant to subsection 12(1) of the Highway Access Regulations:

> *Where the Minister has discretion to issue an entranceway permit pursuant to these regulations, a decision of the Minister may be appealed to the Island Regulatory and Appeals Commission, by the applicant.*

During the reporting period, no appeals were filed with the Commission.

Heritage Places

Under the *Heritage Places Protection Act* and the Heritage Places Protection Act Regulations, the Minister may designate any heritage place as a designated site, structure or area. The owner of any property designated as a heritage place, or any municipality in which the property is located, may appeal the Minister's decision by written notice to the Commission within 30 days of the receipt of service of the Notice of Designation of Heritage Place.

No appeals were filed with the Commission during this reporting period.

Rental Appeals

Under the *Rental of Residential Property Act*, the Commission has the power to hear appeals from decisions of the Director of Residential Rental Property. Of the 399 orders issued on rental matters by the Director during the 2008-2009 period, the Commission received 23 appeals. In addition, one appeal was carried forward from 2007-2008. Of these 24 appeals, one appeal was withdrawn, one appeal was dismissed, the Commission issued decisions on 16 appeals and six (6) appeals are pending.

The volume of rental appeals this period—as noted above—is higher than experienced in 2007-2008, where out of 287 Orders issued by the Director of Residential Rental Property, 19 appeals were filed with the Commission.

Appeals under the Emergency 911 Act

Section 10 of the *Emergency 911 Act* authorizes the Lieutenant Governor in Council to make regulations respecting appeals to the Commission from decisions of the Provincial Tax Commissioner addressing objections of telecommunications carriers in respect of assessments, reassessments and estimates. Where a telecommunications carrier disputes liability for an amount indicated as being due and payable, the Emergency 911 Act 911 Cost Recovery Fees Regulations provide the telecommunications carrier with the right to appeal a decision of the Provincial Tax Commissioner with respect to the reconsideration of the assessment, reassessment or estimate.

No appeals were filed with the Commission during this reporting period.

PART 5: OFFICE OF THE DIRECTOR OF RESIDENTIAL RENTAL PROPERTY

- Enforcement of Statutory or Other Conditions of a Rental Agreement
- Security Deposits
- Termination of Rental Agreements
- Rent Increases
- Appeals to the Commission
- Significant Events

Office of the Director of Residential Rental Property

The Office of the Director of Residential Rental Property (the "Office") is responsible for the administration of the *Rental of Residential Property Act*, primarily dealing with disputes between lessors and lessees.

The following outlines the major roles and responsibilities of the Office and the level of activity under each of the designated sections of the *Act*. Statistical information is based on the fiscal year from April 1, 2008 to March 31, 2009.

The administration of the *Rental of Residential Property Act* is carried out by the Office, while The Island Regulatory and Appeals Commission (the "Commission") hears appeals from the decisions of the Director of Residential Rental Property (the "Director') and those rental officers who have been delegated decision making power by the Director.

The *Act* establishes the obligations and responsibilities of the parties to rental agreements for residential premises. Procedures are set out to deal with violations and to enforce obligations under rental agreements. The *Act* sets out mechanisms whereby violations are expeditiously handled and the system is readily accessible to all parties. The *Act* outlines, among other things, procedures for the enforcement of statutory conditions, the handling of security deposits, the termination of rental agreements, rent owing and properly increasing rent.

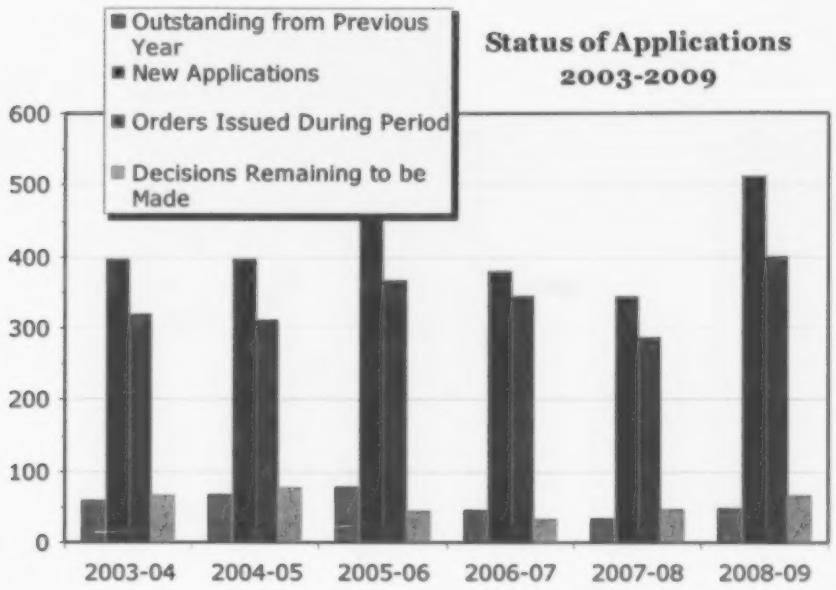
The Office has exclusive responsibility for the administration of the *Act* and Regulations. The Director is responsible for:

- Providing information to the public to promote understanding of rights and responsibilities under this *Act*;
- Advising lessors and lessees with respect to matters relating to rental agreements;
- Receiving and investigating allegations of violations of rental agreements, or of the *Act* or the Regulations;
- Holding hearings, giving notice thereof to the parties, determining matters of procedure at hearings and making decisions or orders with respect to matters relating to the rights of lessors or lessees arising pursuant to this *Act*; and
- Entering and inspecting residential premises, after serving an inspection order, for the purpose of carrying out the powers or duties under this *Act* or the Regulations.

As a result of legislative changes in 1998, the *Act* applies to all premises licensed under the *Tourism Industry Act* where guests rent such premises for a continuous period of one month or more.

The *Act* is administered on a Province-wide basis with the majority of hearings being held at the offices of the Commission. Hearings are also held at various Access PEI Centres when the housing unit involved is in that regional area.

During 2008-2009 the Office received 513 new applications concerning rental matters and issued 399 orders. During the 2007-2008 reporting period the Office received 345 new applications and issued 287 orders.



2003-2009

Orders Issued
Rental of Residential Property Act

	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
DETERMINATION OF SECURITY DEPOSITS	31	52	56	55	40	55
BREACH OF STATUTORY CONDITIONS	228	205	253	228	173	257
TERMINATION	54	45	43	56	62	61
RENT INCREASE	6	9	14	4	12	26
TOTAL	319	311	366	343	287	399

In 2008-2009, the Office received 13,467 inquiries, which is an increase of approximately 6.2% over the 2007-2008 level of 12,683 inquiries.

2003 – 2009

Inquiries
Rental of Residential Property Act

NATURE OF INQUIRY	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
BREACH OF STATUTORY CONDITIONS						
Condition of Premises	1,035	885	794	708	674	790
Services	630	523	365	282	417	517
Good Behaviour	261	178	156	186	142	167
Lessee Cleanliness and/or Damages	698	579	553	596	533	457
Sublet by Lessee	38	50	38	34	39	32
Entry of Premises	244	299	227	222	247	181
Entry Doors	65	99	64	42	38	57
Late Penalty Payment	22	11	6	3	7	10
Quiet Enjoyment	146	218	168	146	163	130
Lessee Delivery of Possession	678	762	698	728	835	779
Mobile Homes	120	48	55	40	52	76
Rent	2,889	2,785	2,545	2,544	2,388	2,494
Other Statutory Conditions	305	1,071	228	213	288	285
Personal Property	213	313	284	200	220	237
Waste Management	51	28	14	8	9	1
No Statutory Condition Specified	0	0	0	0	0	0
SECURITY DEPOSITS	1,973	1,982	2,055	1,915	1,717	1,583
TERMINATION	3,143	2,970	2,470	2,491	2,625	2,557
RENT INCREASE	545	575	882	468	609	1,345
OTHER	1,830	1,980	1,737	1,652	1,680	1,769
TOTAL	14,886	15,356	13,339	12,478	12,683	13,467

NOTE: There are some inquiries which fall under more than one category.

The following sections outline the level of activity under the main sections of the *Act*. .

Enforcement of Statutory or Other Conditions of a Rental Agreement

The statutory conditions are those obligations of either the lessor (landlord) or the lessee (tenant) as set out in the *Act* and the standard form of rental agreement. Statutory conditions include such issues as: good behavior, condition of the premises, subletting of the premises, and late payment penalty. Other conditions of a rental agreement include the return of security deposits and rent owing. The *Act* also provides for a process for dealing with personal property abandoned by lessees. In all cases the parties are encouraged to resolve disputes after their rights are explained. When this is unsuccessful, an application is received and processed by investigation and/or hearing.

During the reporting period the Office received 317 applications involving statutory or other conditions. This is an increase of 94 over the previous year's total of 223 applications.

2003 – 2009

Nature of New Applications
Rental of Residential Property Act

	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
DETERMINATION OF SECURITY DEPOSITS	52	42	57	56	37	55
BREACH OF STATUTORY CONDITIONS						
Condition of Premises	19	16	20	9	12	21
Services	14	1	2	3	4	21
Good Behavior	0	1	0	0	0	1
Lessee Cleanliness and/or Damages	0	0	0	0	0	0
Sublet by Lessee	0	0	0	0	0	0
Entry of Premises	2	1	0	0	0	0
Entry Doors	0	1	0	0	0	0
Late Penalty Payment	0	0	0	0	0	0
Quiet Enjoyment	2	2	2	0	2	2
Mobile Homes	0	0	0	0	0	0
Lessee Delivery of Possession	102	139	154	102	98	126
Security Deposit	26	18	22	22	15	17
Rent	92	88	121	90	74	112
Personal Property	9	13	23	18	13	14
Other	4	6	4	4	5	3
TERMINATION	68	61	54	71	72	66
RENT INCREASE	7	8	14	4	13	75
TOTAL	397	397	473	379	345	513

Security Deposits

The *Act* sets out the handling and processing requirements for security deposits taken as a condition of the rental agreement. The lessor is required to deposit the funds at a financial institution in a designated trust account and interest accrues while the deposit is held. Within 10 days of the lessee delivering up possession of the premises, the lessor is to return the deposit with interest. The lessor may retain all or a portion of the deposit to cover damages, cleaning, utilities, or unpaid rent but if this is done, the lessee must be advised of the nature and amount of charges made. If an agreement is not reached between the parties, the lessee may request a decision by the Director at which time the deposited funds are forwarded and held in trust by the Director. An investigation is then carried out and a decision is rendered.

The Office received 55 applications involving security deposits during this reporting period. This represents an increase of 18 over the previous year's total of 37 applications.

Termination of Rental Agreements

The *Act* provides for limited security of tenure for the lessee whereby the lessee must be given in writing the proper notice and the reason for the termination of the rental agreement. Termination is allowed only for the reasons set out in Sections 13, 14 and 15 of the *Act*.

In 2008-2009, the Office received 66 applications involving the termination of rental agreements during the reporting period. This represents a decrease of 6 from the previous year's level of 72 applications.

Rent Increases

Each year the Director invites written representation from lessors and lessees to assist in establishing the annual prescribed percentage rent increase. The Director is responsible for preparing background material for the Commission, with the Commission responsible for making the decision on the allowable percentage rent increase for the coming year. The allowable percentage rent increase for 2008 was 1% for all unheated residential premises except for mobile home sites which was established at 0%. The Commission established the allowable percentage rent increase for 2009 at 3% for all unheated residential premises and for all mobile home sites, and established the allowable percentage rent increase for 2009 at 5% for heated residential premises. Any rent increase exceeding the established amount requires approval by the Director before being charged and collected.

During the reporting period the Office received 75 applications involving rent increases. This represents an increase of 62 from the previous year's level of 13 applications.

Appeals to the Commission

The Commission has the power to hear appeals from the decisions of the Director. Of the 399 orders issued on rental matters during the reporting period, 23 were appealed which resulted in 16 Commission decisions. During 2007-2008 there were 19 appealed of the 287 orders issued.

Significant Events

Soaring heating costs in the early part of the reporting period, followed by quickly falling heating costs in the latter half of the reporting period made the issue of rent increases a highly contentious one over the entire reporting period for both lessors and lessees. Both inquiries and applications relating to rent increases increased significantly over the reporting period. Another notable challenge involved the provision of services to persons whose first language is neither English nor French. A significant number of inquiries and applications involved persons with very limited official language communication skills, and as the number of newcomers to Prince Edward Island from all around the world grows, so will the difficulty in providing meaningful information and services to them.